Daily Report

Latin America

FBIS-LAT-91-109
Thursday
6 June 1991

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FBIS-LAT-91-109 *6 June 1991*

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OAS General Assembly Continues in Santiago

Commitment Document Signed

PY0506180591 Madrid EFE in Spanish 2146 GMT 4 Jun 91

[Text] Santiago, 4 Jun (EFE)—The defense of democracy and the strengthening of continental security are the two basic pillars of the Santiago Commitment which was signed today by all the foreign ministers of the countries of the Americas during the 21st OAS General Assembly.

The document entitled "The Santiago Commitment With Democracy and Renewal of the Inter-American System" [Compromiso de Santiago con la democracia y la renovacion del Sistema Interamericano] was informally discussed by the foreign ministers here on 2 June.

Minor differences in the various points of view, especially on how the OAS can contribute to the defense of democracy in the continent, prevented the signing of the document on that day.

After several informal meetings, the foreign ministers were finally able to agree on a document which declares its "inexorable commitment" to the defense and promotion of representational democracy.

The foreign ministers also expressed their "determination to implement effective, timely, and expeditious measures to ensure the promotion and defense of representational democracy in accordance with the OAS Charter."

The foreign ministers also committed themselves to "begin a process of joint reflection" on continental security in light of the new international and regional situation, "from an updated and overall perspective on security and disarmament."

They said that this perspective should include "all proliferation of arms and instruments of mass destruction, seeking to allocate more resources to the economic and social development of the country members."

Within this context, the OAS foreign ministers also called upon "other appropriate organizations" to join their efforts.

The "Santiago Commitment" also refers to the need "to intensify the joint struggle and cooperation against extreme poverty which will in turn help to reduce the economic and social differences in the hemisphere," seeking to strengthen the promotion and consolidation of democracy in the region.

The foreign ministers also agreed to promote the enforcement and defense of human rights in line with existing inter-American instruments. They also supported the gradual opening of trade, the expansion of technological and scientific knowledge, and the reduction of the foreign debts of the countries of the region.

The document expressly supports U.S. President George Bush's Americas Initiative and the Uruguay Round of GATT negotiations. The foreign ministers also promised to protect the environment for the benefit of present and future generations, seeking to ensure the development of the region [as received].

The document also advocates the implementation of adequate measures to prevent and to combat the consumption, production, and traffic of illegal drugs, psychotropic substances, and chemical precursors, and to control the laundering of money.

The Santiago Commitment also favors integration within the region and a work program to harmonize the legislative measures of the region, especially on civil rights and common law.

The document concludes by referring to the intensification of cultural, educational, scientific, and technological exchanges as instruments of integration, yet preserving "full respect" for the culture of all its members.

The foreign ministers also support improved technical cooperation and encourage the transfer of technology, which will enhance the economic growth of the countries of the region.

[Santiago Radio Chilena Network in Spanish, during its regular 1700 GMT cast on 5 June, reports: "The foreign ministers of the OAS today formally signed the Commitment of Santiago."]

Plan on Reacting to Coups

PY0506212091 Madrid EFE in English 2023 GMT 5 Jun 91

[Text] Santiago, June 5 (EFE)—The 34-nation Organization of American States (OAS) voted unanimously Wednesday [6 June] to take immediate action if a member state were to be subject to a coup, ending several days of debate on this sensitive issue.

The OAS General Assembly decided that if the government of a member state were to be overthrown, the OAS Permanent Council would immediately convene to examine the situation and a meeting of foreign ministers or the General Assembly itself [would be] called within 10 days.

The vote was taken at the 21st OAS General Assembly which has been underway in the Chilean capital since Monday.

Intense debate has surrounded the issue because the foreign ministers of member states held an informal meeting at the weekend to discuss the organization's policy. Most Western Hemisphere countries are now ruled by democratic governments, but some member states have voiced concern about the organization's policy if democracy were threatened.

Venezuela favored a return to the so-called Betancourt Doctrine, in which countries which undergo a coup would be automatically suspended from the OAS membership.

Opposition to the move was led by Mexico, which argued that mandatory suspension would violate the principle of non-intervention in the internal affairs of sovereign states. Mexico eventually voted in favor of the resolution but Mexican deputy minister Sergio Gonzalez later expressed doubts about the decision.

"Mexico has never regarded the OAS as a mechanism to supervise democracy and we're not going to allow this to happen," Gonzalez said.

Venezuelan ambassador to the OAS Guido Grooscors called the resolution "timid but important." "Although the first step is a weak one, it demonstrates a different attitude in the OAS which has broken the taboo and now we can speak of a real intention to protect and consolidate democracy," Grooscors said.

Uruguay Urges 'New Role' for OAS

PY0506141291 Madrid EFE in Spanish 2250 GMT 4 Jun 91

[Text] Santiago de Chile, 4 Jun (EFE)—Uruguayan Foreign Minister Hector Gros Espiell, today urged the OAS member countries to reflect on the new role this inter-American organization could play in the current international situation.

Today Gros Espiell addressed the plenum of the 21st OAS Assembly, that was opened on 3 June in Santiago and will be close on 8 June.

Gros Espiell said: "We cannot imagine the OAS as a vigorous and significant organization as long as it does not join and cooperate with the auspicious process of regional and subregional economic integration."

He added that the will to integrate the continent has been reinforced with the creation of new institutions such as the Common Market of the South (Mercosur).

He said: "We have to analyze the role that the OAS can play in the creation of these new integrative economic systems." He also stressed the need to join regional and international efforts. Referring to the cooperation between the United Nations and the OAS, he stated that the combination of world and regional organizations "should be regarded as a reality of the international community which does not entail an atmosphere of confrontation but of mutual agreement and strengthening."

According to Gros Espiell, a consensus among regional and world organizations "presents major possibilities in the area of peace and security, environmental protection, the antidrug struggle, and actions against arms race."

Gros Espiell said that the Inter-American Reciprocal Assistance Treaty (TIAR), which is an inter-American organization, is "obsolete and inefficient." He added that despite the fact that "it exists legally, it is a nonentity from a political and realistic point of view."

Gros Espiell advocated "moving toward the defense of the democratic integrity to prevent the breaking of the democratic legitimacy." He added that this process must be carried out without "violating the principle of nonintervention."

He reaffirmed the need for regional countries to commit themselves to defending human rights, and he categorically condemned terrorism. He also stressed the need to conduct an all-out struggle against the illegal consumption, production, and traffic of drugs and psychotropic substances.

Finally, Gros Espiell pointed to the essential OAS role of promoting the dialogue among Latin America, the Caribbean countries, the United States, and Canada.

Argentina Denies Border Dispute

PY0506122491 Santiago Television Nacional de Chile Network in Spanish 0000 GMT 5 Jun 91

[Text] Argentine Foreign Minister Guido Di Tella, who is attending the 21st OAS General Assembly, met today with Chilean President Patricio Aylwin. At the end of this meeting, he reported that the Argentine-Chilean border dispute over the Laguna del Desierto region is not as serious as the dispute over the Beagle region 13 years ago. Di Tella added he hopes disagreements will be overcome once the Chilean-Argentine special committee issues its decision.

After months of the Argentine and Chilean media's extensive coverage to the dispute over the Laguna del Desierto region, Argentine Foreign Minister Guido Di Tella has said there is no conflict and that the two countries are awaiting the conclusion of a report being drafted by the bilateral committee.

[Begin recording] [Reporter] But is this conflict as serious as the Beagle issue which required mediation?

[Di Tella] No, not at all. Look, first of all mediation should not necessarily be viewed as a conflict but as a means to solve a dispute. But I reassert that the bilateral border committee is working very well. We hope it will achieve a solution shortly. [end recording]

Guido Di Tella praised the modernization of the Chilean economy and said that Argentina is following a similar path. He added that Argentina hopes to work jointly with Chile in the the war it has declared on drug trafficking. He also denied Argentina fears Chile has launched an arms race.

[Begin Di Tella recording] The Lightning rocket, which we have, is being manufactured by Chileans. Argentina has this rocket. The Argentine equivalent to this rocket was exhibited in last year's Independence Day parade. We are not concerned over this. It is a tactical weapon but we do not believe there is an arms race. We are completely calm about this issue. [end recording]

The Argentine foreign minister also said that Chilean and Argentine ties are at an excellent level in view of the democratic nature of their two governments.

Peru Supports Cuba's Inclusion

PY0606031691 Santiago Radio Cooperativa Network in Spanish 2300 GMT 5 Jun 91

[Text] Peruvian Foreign Minister Carlos Torres y Torres Lara has said that his government believes Cuba should join the inter-American system if that country takes steps to move closer to a democratic system.

[Begin Torres y Torres recording] Peru has always maintained a very respectful position toward democracy and continental integration. We would be very glad to see Cuba back in the OAS. The OAS must accept all countries in the continent without restrictions. But Cuba must take the necessary steps to achieve its reentry into the OAS, knowing that those steps must be acceptable to the other OAS member countries. [end recording]

Torres y Torres Lara commented on international relations and Peruvian bilateral relations with Chile, announcing that members of the Chilean-Peruvian mixed commission will meet in Santiago next month to resolve all issues pending from the 1929 protocol on borders.

Paraguayan Democracy 'Irreversible'

PY0606004391 Asuncion ULTIMA HORA in Spanish 5 Jun 91 p 13

[Text] Paraguayan Foreign Minister Alexis Frutos Vaesken addressed the OAS plenum in Santiago, Chile, this morning. Frutos Vaesken said that the American peoples have recovered their personality and their identity, adding that their countries have ceased to be breeding grounds for totalitarian regimes that controlled the future of the people without respecting their will. Frutos Vaesken added that Paraguay is experiencing an exceptional moment in its political history and that it is strengthening its democratic system.

During a long speech Frutos Vaesken mentioned the municipal elections that were held in the country on 26 May. The minister said: "Paraguay is experiencing an exceptional period in its political history. Elections were held and the results have been respected. The people voted with joy, without incidents, confirming their great civic maturity in the pursuit of the process to which the government, the political parties, and the entire Paraguayan society are committed."

The Paraguayan foreign minister said at the OAS assembly that life in freedom and democracy, with respect for human rights are irreversible achievements that the Paraguayan people will preserve and protect.

Frutos Vaesken said that the old doctrine which established that recognition and protection of human rights were the state's domestic prerogative has been abandoned and replaced by concrete mechanisms of universal protection. "The Inter-American Human Rights Committee has fulfilled an extraordinary role in this progressive development."

Frutos Vaesken said that Latin America has never been so democratic as it is now, adding that this democracy is today threatened by an undeniable danger: the heavy burden of the Latin American foreign debt.

Chile 'Achieves Diplomatic Victory'

PY0606133391 Santiago Radio Cooperativa Network in Spanish 2300 GMT 5 Jun 91

[Text] The Chilean Government achieved a diplomatic victory at the OAS General Assembly this afternoon. The General Assembly decided not to support, or to issue a resolution on Bolivia's landlocked problem. The events occurred as follows:

Bolivian Foreign Minister Carlos Iturralde was first to speak on the matter. Iturralde said that, as a result of Bolivia's loss of its sea coast, the country suffers severe restrictions to efficiently taking care of its needs for security, independence, and social and economic development. This restriction, Iturralde said, implies serious limitations to Bolivia's integral development. Iturralde added: Therefore, Bolivia's return to the Pacific Ocean is a very important goal which we cannot renounce. Iturralde ended his speech by urging the Chilean Government to accept direct talks on the matter.

Chilean Foreign Minister Enrique Silva Cimma responded to the request by saying that a path of understanding and rapprochement had been opened in the integration agreements between the two countries. The foreign minister said that this is the appropriate path, adding that the multilateral approach was not appropriate.

The Bolivian foreign minister replied:

[Begin Iturralde recording] We would like to follow those recommendations. We want to talk with the brotherly country of Chile on the best possible terms. But the fact is this: Chile does not want a multilateral dialogue; neither does it want a bilateral discussion of the issue. Where do we stand then? What can we do? [end recording]

The Chilean foreign minister felt the pressure because Chile is hosting the assembly. However, Silva Cimma did not renounce the Chilean Government's traditional position on the issue of Bolivia's landlocked status. This is what he said:

[Begin Silva Cimma recording] The arguments supporting Chilean positions—that is, defense of its territorial integrity, respect for its sovereignty, respect for

obligations emanating from treaties, to name only a few concepts—have been taken by the OAS in the OAS Charter. I reiterate my cordial invitation to Foreign Minister Iturralde to put an end to this sterile polemic. Let us dedicate all our energies to working for the urgent common objectives of the Chilean and Bolivian peoples. [end recording]

Uruguayan Foreign Minister Hector Gros Espiell resolved the diplomatic impasse by saying that no proposals were put forth at the assembly and that no one wanted to take a position on this issue. Gros Espiell asked the assembly to continue with another subject. No resolution on the issue of Bolivia's landlocked status was therefore passed.

Cuba

Castro Meets Mexican Envoy, Discusses Summit

FL0506122591 Havana Tele Rebelde Network in Spanish 1100 GMT 5 Jun 91

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, has met with Special Ambassador Alfredo del Mazo, general coordinator of the first Ibero-American summit to be held in Guadalajara, Mexico on 18 and 19 July. The envoy of Mexican President Carlos Salinas de Gortari visited Cuba to report on the progress of the arrangements, the format, and objectives of the summit, and to listen to suggestions and opinions.

Also present during the meeting were Miguel Angel Ortega, adviser to Ambassador del Mazo; Mario Moya Palencia, Mexican ambassador to Cuba; Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers; and Jose Fernandez de Cossio, Cuban ambassador to Mexico.

Confirms Attendance

FL0506170291 Havana Radio Progreso Network in Spanish 1625 GMT 5 Jun 91

[Text] Alfredo del Mazo, special envoy of Mexican President Carlos Salinas de Gortari, has traveled to Cuba and met with President Fidel Castro. The visit is related to the Ibero-American summit that will take place in Guadalajara in July. The Cuban leader granted an interview to Mexican television channel ECO on the occasion of the Mexican president's special envoy's visit to our country.

[Begin recording] [Unidentified reporter] Cuban President and Commander Fidel Castro Ruz confirmed he will attend the Ibero-American summit that will be held in Guadalajara, Jalisco.

Commander, have you met with Mr. Ambassador Alfredo del Mazo? Are you going to attend the Guadalajara summit? What is your mood, your outlook about it?

[Castro] Well, a minute ago, you asked me whether I was going or not and I told you it was not a secret. We would have to assume that the mood is good. There is good spirit to work and cooperate for the success of the summit. In addition, as far is Mexico is concerned, look what a privilege it is that the summit is going to be held in no other place than Mexico. It is logical that it is the place where it is more exciting and pleasant for us to travel. I believe that it will always be pleasant to travel to any Latin American country, but Mexico is especially pleasant for (?many). So, we will participate in the summit with that feeling. We will visit Mexico.

[Reporter] Alfredo del Mazo, special envoy of President Carlos Salinas de Gortari, met here twice with the Cuban leader. Alfredo del Mazo explained the summit's goals and asked contributions from all social sectors for the historic meeting.

[Del Mazo] Well, I think that Latin America is working and actively facing the challenges the nineties is posing and also trying to look ahead to see which are the horizons, the outlooks, the opportunities the international arena offers for a more active and decisive (?inclusion) that would make its presence and capabilities recognized better.

[Reporter] The first task for President Fidel Castro is the cultural integration of our peoples and an effective recovery of our heritage. [end recording]

Havana TV Notes Mexican Support at OAS Meeting

FL0506130891 Havana Tele Rebelde Network in Spanish 1100 GMT 5 Jun 91

[Text] Mexican Foreign Secretary Fernando Solana has rejected all attempts to isolate Cuba and expressed a desire to promote a favorable international atmosphere that would allow Cuba to obtain the best possible level of social, economic, and political life. The Mexican foreign secretary held a news conference during a short break of the OAS meeting being held in Santiago, Chile. The minister reiterated the Mexican view that all countries on the continent should be members of the organization and that, in the case of Cuba, nothing could be less favorable than isolation.

Defector Calls Nuclear Plant 'Technical Disaster'

PA0606042691 Madrid EFE in Spanish 2005 GMT 4 Jun 91

[Text] Washington, 4 Jun (EFE)— Cuban nuclear installations under construction "are a technical disaster" that can only be corrected if they are destroyed, it was stated today in Washington by Cuban citizen Vladimir Servera—who was in charge of the complex's quality control and who sought asylum in Canada in May.

Servera and his fellow citizen, Jose Oro, who also refused to return to Cuba after completing specialized studies at the Woods Hole Oceanographic Research Institute in Massachusetts, today explained in a news conference the "series of technical defects" that afflict the Juragua nuclear plant, located in Cienfuegos Province.

During the news conference sponsored by the Cuban-American Foundation, which is led by Cuban refugee Jorge Mas Canosa, Vladimir Servera said that all the deficiencies in the soldering of the pipes and other vital joints would render the operation of the nuclear reactors under construction impossible. He stated that 10 to 15 percent of the soldered joints have been approved by Cuban Government inspectors even though they have many visible defects that are "contrary to the regulations of the Soviets," under whose techniques and supervision the construction is carried out in Cienfuegos.

The Cuban deserter said that his country lacks the scientific capability to conduct a "radiographic inspection" of the nuclear plant under construction, which is generally the way to ascertain the quality of such work.

In addition to his annoyance over the lack of "quality control" guarantees at the Cuban facility, Servera—who himself specialized in nuclear safety in Moscow—said he had requested asylum in Canada because, he emphasized, "I love freedom and I do not share Cuban dictator Fidel Castro's ideals." "We cannot possibly have our own ideas in Cuba and I wanted to have my own," it was emphasized by 27-year-old Servera, who sought the Canadian authorities' protection during a stopover on a flight from Moscow to Havana on 16 May.

Shortly before Servera's and Oro's statements, Florida Republican Senator Connie Mack said that he has asked U.S. President George Bush to demand that the USSR stop all forms of aid to the Havana regime for the construction of its nuclear facility. Mack said that the White House must hold the granting of economic aid to Moscow contingent on the suspension of all economic assistance to Cuban President Fidel Castro, particularly for the construction of nuclear rectors that, he emphasized, "would represent a grave risk to the security of the American people."

The U.S. Department of State said last week that the Cuban nuclear installations under construction "apparently" met all the safety requirements established by international organizations.

Meanwhile, Ariel Ricardo, spokesman of the Cuban Interests Office in the United States, said on Monday that Washington's criticism and warnings about the Cuban nuclear plant are part of a U.S. campaign to make believe that the country represents a threat.

Director Insists Facility Safe

PA0606044491 Madrid EFE in Spanish 2245 GMT 5 Jun 91

[Text] Havana, 5 Jun (EFE)—Andres Garcia de la Cruz, director of the National Nuclear Safety Center (CNSN), today reasserted the efficacy of the safety measures under which the first Cuban nuclear facility is being built in Juragua (Cienfuegos), approximately 300 km east of Havana.

Garcia de la Cruz' statements to the Cuban media represent a reply "to the campaign unleashed by the U.S. propaganda media," which recently voiced doubts about the Cuban nuclear facility's safety, he said. The CNSN director added that the U.S. doubts "are a political argument" which "can be countered with techniques and scientific exactness."

Garcia de la Cruz also reported that the Cuban authorities have scheduled the opening of the Juragua facility for 1993, and "the civilian construction of the facility is almost finished." The Cuban technician recognized that the facility's pressurized water technology dates back three decades, but "technical modifications" have been made to "increase the international safety guarantees that are demanded in these projects." Garcia de la Cruz said that the international experts who have visited the Juragua facility and know about its safety measures include William Lee, chairman of the World Association of Nuclear Operators, and Hans Blix, director of the International Atomic Energy Agency.

Garcia de la Cruz added that Cuba already has 500 specialists prepared to start operating the facility, and each of its reactors (he did not specify how many) will save 600,000 tons of oil per year, so "the nuclear alternative is an undeniable resource for the country's development."

Equipment, Troops Arrive From Angola

FL0606125991 Havana Tele Rebelde Network in Spanish 1100 GMT 6 Jun 91

[Text] The vessel Santiago de Cuba has returned from the People's Republic of Angola with a cargo of infantry weapons and ammunition. Six internationalist combatants in charge of the equipment's upkeep also returned aboard the vessel. The equipment is ready to join the ranks of the defense arsenal of Cuba.

The vessel Santiago de Cuba is well known by Cuban internationalists. It was deployed to Angola for four years in support of the Cuban mission. It fulfilled coastal traffic duties to ensure availability of supplies for our troops and for the People's Armed Forces for the Liberation of Angola, FAPLA.

Western Army Colonel Lucas Molina, other Revolutionary Armed Forces officials, and representatives of political and mass organizations were present at the port to welcome the vessel and its crew.

Commentary Cites 'Failure' of TV Marti

PA0606040491 Havana Radio Havana Cuba in Spanish 1400 GMT 5 Jun 91

[Commentary by Amalia Sanmartino]

[Text] The failure of television broadcasts from the United States to Cuba is so obvious that very few dare to defend its alleged feasibility. Nevertheless, the U.S. Government, which sponsors the ill-named TV Marti, insists on squandering money by defending the granting of new funds. The anti-Cuban station, the goal of which is to ideologically subvert the island's inhabitants, has not been seen or heard thanks to the efficiency of local technicians, who created low-cost interference mechanisms that have obliterated the undesirable images during its 14 months of broadcasts.

The Cuban public received with displeasure and indifference the beginning of the aggressive U.S. project, and very few remember now that the station's signal crashed against the armor of Cuba's technical interference. TV Marti, the illegality of which has been decreed by the International Board of Radio Broadcasting Frequencies, has caused a controversy in the country that—without consulting Cuba—broadcasts its interventionist programs.

A House of Representatives subcommittee recently proposed the elimination of the $14 million designated for the station in the next fiscal year, meaning starting 1 October 1991. The motion forbids the use of permanent resources that were previously approved to sustain the televised broadcasts after 30 September—but the bill has yet to be revised by other congressional groups before it is approved.

Regardless of the definite fate of the project, the truth is that at least some signs of realism are now evident among certain U.S. Congressmen. If the U.S. Government's policy toward Cuba were less strict and ideological, and if its domestic political commitments were less, the White House would come to the conclusion that it is useless to continue to squander taxpayer money.

Nevertheless, the Cuban Government will continue its successful interference of a televised broadcast that has not been requested and that represents a violation of the national sovereignty because it usurps the island's radioelectronic frequencies.

Trade Issues Discussed With Soviet Specialists

FL0406191291 Havana Radio Progreso Network in Spanish 1625 GMT 4 Jun 91

[Text] In Havana, Cuban and Soviet specialists are examining current means of guaranteeing the arrival of agreed-upon goods that have not been shipped yet from the USSR to Cuba in the first five months of 1991.

In a meeting with Leonel Soto, vice president of the Council of Ministers, the specialists analyzed the current situation and the pressing need to supply the previously negotiated items as soon as possible. They also studied the ways and means to solve the situation this year and establish trade transactions for 1992.

The delegation visiting Cuba is composed of representatives from food and agricultural industries from the Soviet Republics of Russia, Ukraine, Belorussia, and Kazakhstan.

Cultural Cooperation Agreement With PRC Signed

FL0606005691 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 6 Jun 91

[Text] A cooperation agreement in the fields of science, education, culture, and sports was signed today between Cuba and the PRC at the Ministry of Foreign Relations. First Vice Foreign Minister Alcibiades Hidalgo signed the document for Cuba, and Vice Culture Minister Gao Zhanxiang signed it for the PRC. The program includes, among other things, exchanges of specialized literature, dance, circuses, and cooperation in the field of preserving and restoring monuments and works of art. The agreement is valid until 1993. Moments before the signing of the document, Culture Minister Armando Hart met with Gao Zhanxiang and the delegation that is accompanying him in one of the meeting rooms at the Ministry of Foreign Relations.

Bernal Camero Attends ILO Conference in Geneva

FL0606012091 Havana Radio Rebelde Network in Spanish 2340 GMT 5 Jun 91

[Text] The Cuban Workers Federation [CTC] received the news by telephone from Geneva, Switzerland this afternoon of the start there of the 78th Conference of the International Labor Organization [ILO] and that Joaquin Bernal Camero, CTC secretary of international relations and representative of the Cuban workers group, had been unanimously elected a member of Proposals Commission of the conference council.

The event, which is being held at the UN Center in Geneva, is being attended by more than 2,000 delegates representing governments, employers, and workers from 149 countries, including a large number of representatives of Latin American unions. Among the subjects to be discussed at the 78th ILO Conference, which is scheduled to last until 26 June, are the world of work, unemployment, migrant workers, union freedoms, and actions against apartheid.

The ILO is the only organization in which representatives of governments, employers, and workers participate, and so it has a tripartite nature. One of its main duties is to draw up codes for international work standards. Cuba is a founding member of the organization, which was formed in 1919.

El Salvador

Cristiani Delivers State of Nation Address

PA0606003491 San Salvador Radio El Salvador Network in Spanish 1621 GMT 1 Jun 91

[State of the nation address by President Alfredo Cristiani at the Legislative Assembly in San Salvador—live]

[Text] Mr. President of the Legislative Assembly, Messrs. Deputies, Mr. Vice President of the Republic, Representatives of the Honorable Court of Justice, Magistrates, Your Excellencies Messrs. Ambassadors and heads of diplomatic missions, members of the state cabinet, honorable church authorities, honorable military authorities, ladies and gentlemen, young students:

Today, 1 June, we appear before the honorable Legislative Assembly to report on the work done during the year that ends today.

On this occasion, my constitutional duty has historic importance because of the progress that has been made in the country's democratic institutions in the past year. One unquestionable example is the impressive progress that has been made in the peace process and in the real development of political pluralism, which is evident in the composition of this respectable group that represents the people. We are sincerely proud to be in an assembly where all the political tendencies are represented.

Our image of an ideal country has always been that of a harmonious group of people where all civilized tendencies may be able to integrate, develop, and express their ideas with no other limitation than those reasonably established by the law.

This is why we view pluralism as an achievement that must gain coherence and strength everyday in order to move from principles to deeds.

We, as firm and steadfast believers in the value of democracy in the framework of liberty, justice, and order, celebrate the progress the country is making in these fields and reiterate to the people and to the honorable representatives of the people, that we have the will to serve a democracy that should allow all the Salvadorans to have a better and more humane life, for us, our children, and our children's children.

We know that this historic moment has no room for temporary or short-term solutions. Historic blindness would be the worst kind of social and political sin we could commit. We are not going to be the victims of such an aberration.

Realism is necessary. It goes beyond political rhetoric. It is realism that has guided our steps in the search for the main national objectives: peace and economic stability and progress.

We have carefully avoided the deadly temptation of improvisation and populism in handling these matters, which are crucial for the future of Salvadoran society. In the complex search for peace, through civilized political understanding and in the functional reordering of the economy, we have developed logical and coherent action programs, not to secure temporary political benefits, but to secure stable results that would make progress possible, without ignoring justice and without acting against liberty.

We can say, without arrogance but with conviction, that we have been quite consistent with the principles and goals that we outlined to the country on 1 June 1989. When we assumed the presidency, the first step was to propose a peace process, because we believed that its absence was an unconceivable void after almost 10 years of conflict. Many failed to understand this concession and others refused to understand it, but the people's need was stronger—and perseverance and determination did the rest.

The first direct agreement between the government and the FMLN [Farabundo Marti National Liberation Front] was signed in September 1989; and the process has continued, amid great obstacles and problems. Between May 1990 and today, the government of the Republic has maintained its willingness to achieve peace through a political negotiation, and the results are evident. The work carried out based on the Caracas Agenda has resulted in very important agreements that represent unprecedented expressions of a new way to handle national problems. Our essential goal in seeking a political dialogue with the radical groups is to prove to the country and the world that the true exercise of democracy is possible in El Salvador.

The human rights and constitutional reforms agreements achieved during the negotiations have been been termed as important by the people; and their goal is to achieve peace. Referring to this, we have strived to attain peace without endangering the democratic institutions of the nation or the Constitution. Instead, the agreements advocate an effective strengthening of the law, and respect for the law is the foremost principle that guides our government policy.

We wish to state on this solemn occasion, before the legislative branch, that we have strictly abided, are strictly abiding, and will strictly abide by the law—concerning both the search for peace and all the government activities. Our country is entering a stage in which law must govern unmistakably and indiscriminately, so that harmful and unpatriotic stances and habits—such as arbitrariness, privileges, impunity, and intimidation—regardless of their origin, can be eliminated.

We will not present a detailed report on what has occurred in the 13 dialogue meetings that have taken place since 1 June 1990. The Salvadoran people bear witness to our serious efforts in the work to achieve peace. We have insisted on the need to accelerate negotiations and to work full time in the search for sound and reasonable agreements.

A year ago, from this same podium, we proclaimed the year of peace. Now, we can say that this has been a year in which we have been devoted to attaining it and, although we cannot present it to you as an achievement yet, we can announce that it will be attained very soon. It has not become a reality yet because both sides have to be willing to agree. Our firm efforts have not been reciprocated by the other side, a side that continues to want to use resources and tactics that have become obsolete because of the fast-developing nature of this process.

We know that the Salvadoran people want and need peace. We, as recipients of our people's mandate, share their natural impatience for peace. We are patient enough to work, without any respite, until we can achieve that cherished goal. The peace we will attain does not end with a formal agreement. It would be absurd to think that, after [words indistinct], solutions will appear. We must all prepare for the post-war period, psychologically and pragmatically. It will involve a period of adaptation and changes that, if led honestly and wisely, can guide us to a true national reconciliation.

We cannot view this reconciliation as a stage in which contradictions between ideologies and programs of actions will cease to exist. Reconciliation means that normal contradictions in a pluralistic society must be handled with respect and with a significant dose of solidarity.

After this war, that has resulted in so much bloodshed and destruction, the Salvadorans must begin to operate as compatriots as soon as possible, particularly as the participants in a single and irrenounceable national destiny.

In the work for the fatherland [words indistinct] we are not alone. Politically, we have sought the approval and participation of the political parties because we are convinced that peace is everyone's responsibility. We are all responsible for seeking and developing it. We recognize the contribution that all the parties and forces interested in a firm and lasting peace have made to reach the point we are at: The eve of the end to the armed confrontation.

We have also worked toward expanding international support in this effort, because we need understanding, support, and assistance. The support from our sister Central American nations is very important, as well as support from friendly and fraternal countries like Mexico, Venezuela, Spain, and Colombia. Also significant has been the interest shown by the UN secretary general and the UN Security Council in which countries like the United States, the United Kingdom, France, and even the USSR have contributed toward the advancement of our peace process.

El Salvador is transforming itself in the eyes of the world. Recovering international confidence in our country has been and will continue to be one of our government's priorities. We know that this can only be achieved with concrete actions. Toward that end, the agreements reached on modernizing the Constitution through reforms will be an important step toward: The constitutional reaffirmation of civilian power as the only power that can guide the nation's destiny; the independent administration of justice; the overseeing of respect for human rights; and a better framework to guarantee the freedom and fairness of the electoral processes.

When such reforms are included on the agenda for the discussions of all the agreements for the cease-fire, our country will enter an irreversible normalization phase in response to the Salvadoran people's highest aspirations.

For the umpteenth time, we reiterate that war in El Salvador has no future. On the contrary, we must achieve peace as soon as possible so that our country can have a future. This will require patience, endurance, and goodwill. The government is willing to continue fighting for peace with those weapons, which should not be interpreted as weakness or acquiescence. It only shows that, although we are willing to defend our democratic institutions, even paying the highest sacrifice, we sincerely believe that the best sacrifice we can make for our fatherland is striving for national reconciliation. We are already following that path, supported by reason and the law.

As we said a year ago on a similar occasion, we are not afraid of changes, because democracy is essentially dynamic. We invite all Salvadorans to adopt this same pragmatic philosophy, particularly the various political currents. Peace must be based on a great historical pact that will channel all the creative energy in the country toward overall reconstruction of the homeland. The need for this great pact is already urgent, because the end of the war is imminent, and post-war problems are around the corner. Let us make a constructive pause in the struggle for sectorial and group interests. Let us work together on the enormous responsibility we all share, which is peace, which will undoubtedly demand building a new El Salvador—safer, stable, just, and free.

From the day we assumed the Presidency, we reaffirmed before the Salvadoran people and the international community, our commitment to defend man's fundamental rights. In that regard, we firmly support the implementation of measures intended to protect and promote human rights and the fundamental liberties of the Salvadoran people.

The government of the Republic believes that an individual is a human being if he creates, makes, and forges his own destiny. That is why we participate in and endorse his just struggle to achieve better living conditions that create the appropriate environment so that he can develop all his productive talent, imagination, and capability—not only for his own benefit, but for that of his fellow citizens. Referring to this, we cannot allow the armed conflict to continue to destroy us, because the war represents the clearest negation of the most elemental rights of a person and a society. The overall development of a human being is the goal that has guided our administrative actions, and public authority as a whole has been directed toward strengthening this goal.

That is why we consider it vitally important that the protection, promotion and defense of human rights

should be carried out in an objective and impartial way, devoid of ideological-political dogmatism. We have, therefore, provided the facilities so that the various humanitarian organizations can conduct their work without obstacles of any kind. The reports, observations, and comments sent to the government have received our consideration and attention. The effort to achieve the enforcement of human rights must be faced with realism, particularly due to the historical circumstances we are currently experiencing. The Salvadoran people, without distinctions of any kind, must unite and strive to achieve the enforcement of human rights. We will not hesitate to endorse every effort exerted in this concern.

Within these same guidelines, we have endorsed the beginning of the operation in El Salvador of the UN Observers for El Salvador, Onusal, whose initial purpose is to supervise compliance with the human rights accords. Onusal will be fully functioning in a few weeks. This is an important sign of hope in the struggle to attain definitive peace. Early in our administration we said that our government is responsible for facing the challenge of stabilizing and readjusting our economy. Within this context, we have pledged to liberate the production system, to open our economy to foreign trade, and to advocate internal and external competitiveness.

The challenge was great because we found ourselves immersed in the deepest economic crisis of our history. This crisis, together with the terrorist violence, resulted in poverty levels never before known in El Salvador.

To rescue our economy, we set in motion an economic and social development plan that establishes the government's two main duties in these fields: first, create the conditions to reach a healthy and sustained economic growth; and second, increase the welfare and quality of life of the people, particularly, those who live in extreme poverty. In this manner we established the platform that supports the development process. This coincides with what the Holy Pope said in the Encyclical Centesimus Annus which states: Development is the other name of peace.

Over these two years of government we have advanced in the process of change and, according to diverse opinions from international organizations and friendly governments, we have become a shining example for Latin America.

We are implementing the most thorough revolution we have ever experienced, a result of the people's will, which was expressed freely through their ballots. It is a revolution of progress, modernization, and economic opportunity. This will open the doors to man's unrestricted initiative and it will encourage the economic and social progress of an entire nation. These basic pillars—along with the development of justice and the consolidation of a democratic process—represent guarantees for permanent peace. Initially, we said that we would have to implement drastic measures to face the crisis in which El Salvador was immersed to reduce the critical differences that affected the fiscal, financial, and external sectors. An economic recovery would be impossible without these measures, and the level of the country's credibility before the international financial community would have deteriorated even more.

In the monetary field, we have established strict control over the levels of credit, guaranteeing the availability of greater resources for the private sector and at the same time limiting those destined for the public sector. In response to the continuous problem of reducing the inflation rate, interest rates were reduced in April 1991 to encourage investment and economic activity.

The decrease of the public sector deficit has been one of the basic objectives in the stabilization program. In the area of revenue, fiscal policy has been oriented towards improving tax collection, eliminating tax evasion, and decreasing contraband. For this purpose, most of the fiscal privileges were eliminated and the tax system was simplified. In the area of expenditures, a policy to establish austerity and streamlining was implemented, fighting waste and corruption. As a result of these efforts, the fiscal deficit was reduced and the central government's floating debt, which had reached alarming levels, was eliminated.

As for the external sector, confidence in the government's economic policy and the free determination of the exchange rate have contributed to stability, promoted exports, the repatriation of capital, and employment, especially in the rural areas. We started from scratch, with the economy in ruins, without international resources, with limited foreign aid because we had stopped being creditworthy, with the highest deficit in the public sector's history, with the banks lacking capital, and the productive sector without confidence or hope. After two years, we can state with satisfaction that we have achieved significant progress and that the results permit us to face the big challenges of social development.

The hardest phase has ended. Now we need to consolidate the achievements of the economic policy to strengthen the open and competitive market economy. We need to encourage a sustained economic growth to improve opportunities so that all Salvadorans contribute and share the benefits of economic growth.

In an attempt to open the economy to foreign trade, we successfully completed the negotiations to enter El Salvador into the GATT and the Multilateral Investment Guarantee Agency [MIGA]. We have also supported the efforts for regional integration, which are consistent with the development of efficient and competitive activities.

The process of opening the economy to foreign trade, demands modernization of the national industry to conquer new markets and expand the existing ones. In this regard, we have worked closely with the private sector and labor unions to carry out programs to accelerate the industrial reconversion project. The project is strong and has the support of the Inter-American Development Bank to—with the private sector's cooperation—launch a broad vocational training program for workers.

The objective in the fiscal area is to generate enough income to cover the government's basic spendings, thus, avoiding the use of the resources of the Central Reserve Bank. The reforms to the tax system will continue to establish a broad and neutral system based on few taxes and reasonable rates. The government is revising the tax system to strengthen and improve the administration of taxes. Regarding expenditures, we will continue to rationalize current spendings within a framework of administrative austerity and honesty. We will continue the process of redirecting resources toward social sectors, particularly education and health, as a means of stimulating the country's social development.

The financial system serves as an intermediary between people who save and people who invest. This mediation eases economic development and, thus, social development. This sector's strategy is to continue with the policy of liberating the interest rates and reduce the role of the Central Reserve Bank as a financial intermediary.

In order to achieve this, several laws have been passed recently, such as the law on strengthening commercial banks and savings and loans associations; organization law of the superintendency of the financial system; law for the privatization of commercial banks and savings and loan associations; organization law of the Central Reserve Bank; and the banking law. These laws will allow the reform and privatization of the financial system. In addition, the stock market is expected to begin operations in the near future to stimulate savings and ease the mobilization of financial resources toward productive activities.

The law dealing with the Credit Fund and Workers' Bank was passed recently. This law supports Article 46 of the Constitution. I am pleased to report that the document creating the first workers' bank, which will operate in San Salvador, was signed yesterday. The document creating the Workers' Bank of (Ifal) will be signed next week, and the one creating San Miguel Workers' Bank will be signed at the end of this month.

This way, we will begin to comply with the objective of giving the workers access to credit, thus, avoiding loan sharks. We are also allowing them to own their own bank by buying shares. In accordance with our government's policy of supporting the business sector's initiative and with the financial support of the international organizations and resources from the Central Reserve Bank, we implemented a credit program to finance small and mini-entrepreneurs. Through this program, all those entrepreneurs who wish to establish a business in the fields of industry, commerce, services, handcrafts, or transportation—as well as the existing mini-entrepreneurs—will benefit.

On the other hand, we recently installed the National Commission for the Development of Small Business that includes representatives of the public and private sectors. The goal is to coordinate the various efforts and actions by the government, labor groups, business groups, and others for the sake of those sectors. In addition, the commission will seek support for the implementation of new programs in the areas of financing, training, technical assistance, and marketing.

The 3.4 percent economic growth rate for 1994 [corrects himself] 1990 is the highest one in more than 10 years, and one of the highest in Latin America. This economic recovery helped reduce unemployment, particularly in the rural areas where agricultural activities grew by 7.4 percent as a result of the excellent sugarcane, corn, beans, and [word indistinct] harvests. Coffee also reflected a substantial recovery with respect to the previous year. For the first time in the economic history of the country, the farm producers had difficulties in obtaining sufficient workers.

Despite the Middle East crisis that forced an increase in the internal prices of petroleum by-products, inflation dropped from 23.5 percent in 1989 to 19.3 percent in 1990, the third lowest rate in Latin America. The inflationary trend has continued to decrease, and in the first six months of this year it is approximately 13 percent. The fiscal deficit was reduced by more than half, and it dropped from 5.8 percent in 1989 to 2.5 percent in 1990. This was achieved as a result of cautious management of public finances, one of the key factors in reducing inflation.

In 1990, our exports increased by 16 percent, despite the adverse conditions in the international market. This was due in part to the fact that the volume of coffee exports increased by nearly 70 percent, as compared to 1989. The fact that our non-traditional exports were so well received in extra-regional markets, also contributed to improving exports. These non-traditional exports reached an unprecedented value in recent history.

On the other hand, as people regained confidence in the government's policy and in the new exchange policy, a significant increase in private capital resulted, which improved the balance of payments in such a manner that we managed to make the past due payments of our foreign debt. In addition, we accumulated $177 million in international reserves.

This behavior of the external sector of the economy also reflects the rescheduling of $135 million of El Salvador's foreign debt at the Paris Club in September 1990. This has helped reduce the burden of the debt, promote economic reactivation, and what is even more important, recover the country's credit status with international financial institutions.

To improve the efficiency of public spending and to reorient expenditures toward the promotion of the training of human resources, the Public Investment System was created. Through this system, we seek to improve the implementation of investment programs and to generate more and better social programs. The expenditure strategy seeks to channel resources toward programs that will give priority to primary health care in the country's poorest areas, to preschool and elementary school education, to the repair of infrastructure, and to

the protection of the environment, which, in El Salvador's case, demands an united effort.

Positive results could not have been achieved without the participation of all Salvadorans. The government only issued the rules of the game. It established the conditions so the creative initiative of all Salvadorans would emerge with the strength and energy that characterize us as a people. The ones who brought about this economic recovery are all the workers, peasants, businessmen, and professionals, who contributed their effort, confidence, and desire to rescue our dear El Salvador with an eye to the peaceful future of our country.

I would not like this opportunity pass without issuing an appeal to those groups or individuals whose only objective seems to be the destruction of the economy. This action is based on sordid political ideas with the fruitless objective of halting economic progress to create chaos and anguish, which would maintain the country in a constant state of unrest. It is time to halt the sabotage of the electric power infrastructure, the illegal seizure of land which sows distrust and violates the right of ownership, the illegal strikes which bring tension and violence, and the kidnappings and the attacks on the civilian population, especially the murder of mothers, children, and elderly people under the pretext of attacking military installations.

We are on the path of peace and harmony. Participation, cooperation, solidarity, and respect for the law are the norms for the present and the future. Let us all work for development and reconciliation.

Our government's basic commitment when it took office was to undertake the necessary efforts to revert the trend of increasing poverty through the improvement and expansion of the social services provided to the population. This commitment was embodied in the design and implementation of a social development strategy whose objective is the attainment of better material and spiritual well-being for all the people, especially those living in extreme poverty.

The government's social strategy realized the complexity of the task of eradicating poverty in our country. For this reason, it outlined two phases: One is in the short term, through the compensatory programs that are successfully being conducted by Conara [National Commission for Reconstruction] and that will be complemented by the Social Investment Fund [FIS], which has been designed to channel funds to the country's poorest communities. The FIS is about to obtain $240 million colones this year. Nutrition programs are also being implemented with emphasis on vulnerable groups such as newborns, pregnant and lactating women, and school children. The medium-term strategy involves reforms of the institutions that provide basic services, including health, education, and social welfare, and programs such as: El Salvador: A Country of Owners, which is aimed at attacking the problem of poverty at its roots, creating permanent solutions for thousands of families suffering the scourge of social destitution and the lack of opportunities.

To fulfill the objectives of the government plan, greater resources have been allocated to the social sectors, channeling them to the poorest municipalities and communities. We are laying the foundations for constitutional reforms whose starting point is the administrative decentralization of the main ministries involved in the social sector.

Our efforts have been intensified with the cooperation of the World Bank, which has financed the project to reorganize our social sector. This includes a thorough reorganization of the Health and Education Ministries to improve their services. Starting this year, we will implement a process that facilitates the actual transfer of decisionmaking power and resources from the central government to the municipalities—so that the latter may become even more aware of their duties and rights; and so that they may be able to participate in the fulfillment of their duties. Municipal autonomy has been strengthened with this goal in mind, because it is an essential element in the development of a free society that will guarantee the consolidation of democracy and the protection and achievement of peace by fulfilling the needs of their own communities.

The Education Ministry has undertaken significant efforts to expand the coverage of the system and augment the quality of education. Concrete results are seen in the development of the Program for Comprehensive Attention to Children, PAIN [Programa de Atencion Integral al Nino], through which nearly 13,000 children under six, especially in the rural areas, were given access to the education system.

Illiteracy in the urban areas was reduced by 3 percent compared to 1988, as a result of the actions carried out by the Continuous Education for Everyone [Educacion Basica Continuada para Todos—Ebacontodos] program. This program continues to be improved to make it more effective.

School material was provided to 143,000 children in preschool and first grade. With the help of the World Food Program, school meals were provided to 224,000 children attending first to sixth grade, thus reducing the early dropout rates and increasing academic performance. This program was complemented with the program of the National Family Secretariat, which provides milk and eggs to 30,000 children daily. Hundreds of schools were repaired and provided with maintenance. These measures were decisive in meeting the increased demand for schools in 1991. In an effort to increase school coverage, the project for the consolidation of the advances in basic education has been implemented. This project, complemented with others directed at the improvement of the social sectors, seeks to have the communities, which for various reasons have not had access to the education system, become active participants in the education process.

The efforts in the area of public health have resulted in the expansion of the coverage through priority programs and through the improvement of the internal efficiency of the health sector. During 1990, there has been significant increase in the coverage of the main programs, such as vaccination, community health, and basic sanitation. The vaccination campaigns covered more than 80 percent of the targeted population. The number of community health workers increased throughout the country and 135 communities benefited from 34 rural aqueduct projects. In addition, the coverage of the oral rehydration program was increased and the number of those benefiting from the supplementary food program was expanded. The network of health centers continued to be strengthened, meeting their construction and repair needs.

To improve internal efficiency, the process of decentralization was begun, designing an administrative system through which resources will no longer be used as a result of an allocation decided at the central level, but on the basis of the needs shown at the local level. The evaluation of the health posts and units located in the 78 poorest municipalities and the design of an integrated system to supervise them will guarantee the quality of the service provided to the most vulnerable groups.

The government effort on behalf of the most unprotected sectors is supplemented with programs that will help them face their critical nutrition situation. With the help of the World Food Program, we worked to try to cover the most pressing needs of vulnerable sectors: mothers, children, and elderly people. Through the method of food for work, some of the needs of a significant number of the displaced, repatriated, and refugee population were met. In order to reinforce the nutrition of the most unprotected sectors and improve the distribution of food to the communities, the government will implement two new nutritional projects in the short term.

First, we will supplement baby food by adding elements of high nutritional value and vitamins for the weaning period. In its initial phase, the plan will provide care for 20,000 children between the ages of six months and three years. Second, the nutritional value of the diets for school children between the ages of four and 10 will be improved. We are currently studying a school nutrition coupon program, which in its trial period has benefited 36,000 students. These three proposals will provide direct benefits to children under 10 years of age, pregnant and nursing mothers, and family groups located in 78 municipalities across the country with a high level of malnutrition.

To complement the above, the government will continue to make efforts to offset nutritional imbalances by fortifying sugar with Vitamin A, putting iodine in salt, and distributing special vitamin and mineral supplements.

In the area of housing, the number of housing units financed by the public sector totaled 16,300 homes in 1990, representing a total investment of over 750,000 colones for the year. This was achieved partly through the programs of public organizations, the New Dawn [Nuevo Amanecer] Program, and the savings and loans system. This figure is even higher when one considers the production of other nongovernmental organizations and institutions. In light of the need to eliminate the country's housing deficit, we are carrying out new programs to benefit low-income families and to provide housing options within their financial reach. To this end, we are providing lots through popular housing programs. These will be strengthened and consolidated under the El Salvador: Country of Landowners Program.

In addition, a credit line has been established through the Social Housing Fund earmarked for the purchase of lots to build houses and for the construction of potable water and sewage systems. Changes have been made to the system for financing the construction of houses. Referring to this, the savings and loans system has been reorganized, which will enable the savings and loans associations to obtain foreign capital. We have also created the long-term deposit certificate for the construction of houses with attractive interest rates for depositors; these certificates can be freely negotiated. All these actions will allow the accumulated capital to be invested in housing projects.

Referring to the institutional sector, progress has been in the reorganization of the housing agencies so that they may become financiers, evaluators, coordinators, and facilitators of investment projects. Institutions in charge of providing social security have increased their coverage of health services and those dealing with the elderly, physically handicapped, and survivors' benefits, thanks to the implementation of administrative decentralization programs. Preventive health services have expanded to provide medical attention to children under the age of two, women of child-bearing age, and elderly people. The private sector's participation in the outpatient system was encouraged, thus increasing its efficiency by providing dental services. There are plans to increase that coverage this year so that it may include children under the age of six, particularly dependents.

In the labor sector, the Labor and Social Welfare Ministry's Organization Law and the Law on Professional Formation were revised to increase the levels of employment, efficiency, and productivity of the Salvadoran labor force. Minimum salaries for every economic activity were increased in 1990. Agricultural workers' minimum salaries were increased by 16 percent, and the industry, construction, and services workers' minimum salary was raised by 17 percent. In addition, the salaries for harvest and industry workers increased 20 percent. Public employees received a general increase of 150 colones per month, and the Christmas bonus was increased by 100 colones. In May 1991, an additional 12-percent increase was approved for the industry, commerce, and services workers' minimum salary, and a 13-percent increase was approved for agricultural workers.

In addition, the supplementary food program was increased by 100 percent. This will directly improve the realy salary of agricultural workers.

Our government is aware that the labor sector is affected by the economic adjustment program which we have had to implement. For this reason, our policy is to review annually salary levels so that the labor sector's purchasing power will gradually improve.

One of the main measures adopted by our government was the creation of the National Family Secretariat with the objective of coordinating the actions of the various institutions that deal with the family, the basic unit of our society. Based on a comprehensive approach, which follows an individual from the time he is in his mother's womb to when he is a senior citizen, the secretariat has continued to undertake planned and scientific efforts with an eye on the future.

The achievements of 1990 include the drafting of national policies dealing with minors and senior citizens, a review of the laws on women and minors, and a review of the draft Family Code. In coordination with the Public Health Ministry, the Supreme Court of Justice, and the Attorney General's Office, we have promoted the institutionalization of programs to provide attention to teenage mothers and to persons who are victims of sexual attacks. We have also established the program on community banks which has benefited 3,000 families in poor urban communities.

In accordance with the original objectives of the economic and social development program, the program El Salvador: Country of Landowners was created to give Salvadorans, particularly the poorest, a chance to participate in their own development. The Liberty and Progress Institute [Instituto Libertad y Progreso] was created to carry out this program. The institute is responsible for the program's coordination, organization, and evaluation.

The program covers eight [number as heard] areas of operations: social registry of ownership, which entails an information service for low-income people on how to register ownership titles in the Property Registry; democratization of bank capital, which gives priority to small investors and banking employees who will get preferential treatment when purchasing bank shares with favorable credit terms; a workers bank; a land bank, through which peasants and small-scale farmers will be able to finance the purchase of farming land; lots of lands serviced by utilities; national low-income housing program; and the handing over of property titles by the National Farming Financing Enterprise [Financiera Nacional de Tierras Agricolas—Finata]. Finata has already handed over 20,000 land titles to peasants and small-scale farmers who are beneficiaries of land reform.

In taking a brief look at the work accomplished in the social field during the time of my administration, we can announce that we are keeping our promise to work for the poorest of the poor and to give priority to social projects and programs. The work, however, is hampered by the restrictions and limitations imposed by the country's civil war, shortage of resources, and limitations inherent in government. Much remains to be done, and that is why we will continue working tirelessly to try to reduce the country's poverty level.

After two years of my administration, El Salvador has earned the recognition and respect of the major international organizations and institutions and countries all over the world. This has been possible thanks to the results of the economic and social development plan, which has been regarded as a model for developing countries. We have been described as a leading nation in the process of major change which the world is experiencing. ECLA [Economic Commission for Latin America] has placed us among the countries with the highest economic growth rates in Latin America, and in third place among the countries with the lowest inflation rate.

The IMF is giving us its support in the process of stabilization by way of a contingent credit program. The World Bank is supporting us with a structural adjustment plan to support the economic restructuring program. Not too long ago, we successfully completed negotiations on a social rehabilitation project, which places emphasis on developing education and health in the country's 68 poorest municipalities. We are negotiating the regional power program and the regional farming development program.

The Inter-American Development Bank is financing infrastructure programs such as the expansion of the rural road network and the upgrading of the power system and the social investment fund. The Agency for International Development continued to provide us with its support during 1990. Through diverse programs, the United Nations, the EEC, and several friendly nations have given us their valuable technical and financial support, without which the major task of rescuing the country would have been much more difficult.

The first advisory group for El Salvador held a meeting in Paris in May 1991, to revise the economic program and present the government's strategy to combat poverty and modernize the social sectors. This meeting, which was called by the World Bank, was attended by representatives from Germany, Canada, the United States, France, the Netherlands, Italy, Japan, Mexico, Venezuela, the EEC, the International Development Bank, the IMF, the UN Development Program, the International Agriculture Development Fund, the World Food Program, and the OECD. At this meeting, the El Salvador economic and social program was selected as an example to be followed by other Latin American countries.

I reaffirm that one of my government's main objectives is to attain peace. Once we reach this goal we will have to launch a program of national reconstruction. The program will be one of the basic instruments for healing the wounds caused by more than 10 years of fatricidal war. This program will help public investment and will give priority to the population and the regions that have been most negatively affected by the armed conflict. The national reconstruction program has three main thrusts: the relocation of the displaced population; the integration of the fighting forces to civilian

life and the national productive system; and the reconstruction of damaged infrastructure.

When we prepare the program, we will ensure that there is an intensive use of manpower and that the private sector, the non-profit private organizations, and the communities themselves have strong participation in the program. This program must become one of the most important actions of the government and all the Salvadoran people, because with its implementation we will be forging a promising future for present and future generations.

A constant concern for our government has been improving the justice system and in this regard, we have promoted a series of measures aimed at strengthening the structures and duties of the various state branches. We seek to achieve a more efficient and more just de jure state, capable of eliminating arbitrary actions and of recognizing the importance of the law. We have recognized the need to adapt our secondary laws to the changes presently being demanded by Salvadoran society. We have implemented several programs to attain prompt and (?fair) justice in an attempt to consolidate the principle of equality in the eyes of the law. We believe that it is necessary to provide the judicial branch with the instruments and resources that will guarantee its independence in an attempt to strengthen the democratic process in El Salvador.

Likewise, the issue of justice has become an important issue for study and discussion within the framework of the peace process that the government is conducting. As a result of the agreements reached in the course of this process, important reforms are being made. We are sure that these reforms will project justice in our country to levels never attained in the past. All this is aimed at a single objective: consolidating the de jure state, the indisputable basis for a peaceful society.

We fully realize that if the administration of justice is not reliable or contains severe flaws, the country cannot function normally. That is why we must be concerned, from the executive branch, about contributing to entities that investigate offenses and about policies that rehabilitate offenders, so that our country can be fully modernized in this field as well.

Given the nature of the historical moment our country is experiencing, particularly owing to the terrorist actions that are still victimizing the Salvadoran people, the Salvadoran Armed Forces are conducting a mission at the forefront of defending democracy and liberty.

Thus, the military institution constitutes a bastion of protection for the foundations of the fatherland, a situation that has brought it closer to the interests and aspirations of the people, while avoiding politics and strictly fulfilling its constitutional duties. Although the Armed Forces have been able to carry out their duties in a professional manner in different areas of national security, they have also obeyed the president's policies. In this respect, we must note their participation in the peace process we are promoting.

The changes El Salvador is experiencing in all areas are not alien to the Armed Forces. For that reason, we are supporting a qualitative and quantitative restructuring of that institution, to endow it with utmost professionalism so it can respond to the demands of the democratic and peaceful society we are building. As the Armed Forces commander in chief, I want to reiterate and state very clearly that the existence of the Armed Forces is not at stake in the negotiations currently being held. The Armed Forces will continue to be the Salvadoran people's only armed branch.

it is worth recalling that the reforms within the Armed Forces are the result of a process in which members at different levels have participated, and that they are aware of the need for institutional changes, where subordination to civilian rule, the sole legitimate power of the state, clearly prevails. Since an end to the armed conflict and the advent of peace is near, the stance of the Armed Forces is that their duties must be in line with their historic responsibility.

We want to say before the nation that we are pleased with the behavior of the Armed Forces, since they, together with the people, constitute the strongest impediment to those groups that want to reach power through the use of violence.

We wish to add today that we are pleased with the political opportunities that have opened in our country in an attempt to consolidate the democratic process. We have established a broad and dynamic dialogue between the various political forces of different ideologies. This is something never before seen in the history of El Salvador. The suitable mechanisms established for this have proven the need to promote communication among those who represent the broad sectors of the nation, attaining levels of understanding that make it possible to seek solutions to the serious and urgent problems confronting the country. This phenomenon, that represents a sign of maturity and progress in our political culture, must be further strengthened and promoted. The difficult times we are experiencing call for this type of effort and contribution.

Meanwhile, we have proven that we are taking firm steps toward the consolidation of the democratic process and that the Salvadoran people are acquiring a level of political awareness to choose freely their rulers. This was confirmed during the 10 March elections in which the people voted freely, showing before Salvadorans and foreigners that there is enough political room for all those who seek power to do so in a rational and peaceful manner. The way the current National Assembly is integrated is proof of the political pluralism experienced in our country. This is solid proof of the system of representative government that we, the Salvadoran people, are building in the hopes of achieving higher levels of peaceful and democratic coexistence, the best inheritance we can leave for future generations.

The year of my administration just concluded, has been very important for the destiny of Central America. The 1980's, marked by unprecedented political instability under the mark of violence in some of our countries, seem to be giving way to a period of growing stability under the mark of democracy. All the Central American countries are now governed by freely elected regimes and this legitimacy constitutes the foundation of new inter-Central American relations. While not neglecting attention to the most viable solutions to the armed conflicts that are still raging in El Salvador and Guatemala, legitimacy has permitted us to lay greater stress on our country's social and economic problems, as was demonstrated in the important summit meeting held last December in Puntarenas, Costa Rica. The key point of this new outlook may be summarized in one word: integration. We, the Central American Governments, are working within the structural and functional framework of the integration that our countries need to overcome endemic conditions of underdevelopment.

We are integrationists by conviction. We think that we have a historically privileged opportunity to allow integration to go beyond economic exchange and to acquire the human perspective it should have always had. The lessons of this decade of crisis must make us move toward permanent structural ties among our five countries, with the desirable incorporation of Panama and Belize. Right now, the meeting of presidents every six months has been institutionalized.

In another respect, we are about to begin the work of the Central American parliament, and our country has given its full support and commitment to the effective functioning of this body. We endorse initiatives that serve the new Central American unity, which can no longer rest on rhetoric, but must be based on cooperation programs that are respectful, close, and modernizing. We clearly stated this in Puntarenas. We trust in the development of a Central America of different nationalities, where differences that arose from a historical process enrich rather than hinder genuine integration in the face of a future that will inevitably be one of unity.

After long years of confrontation, our country is preparing to face the challenges of peace in modern times. We have had to make important decisions to make possible this great desire of all Salvadorans. We are ready to continue forward in the difficult task of peace and coexistence, modernizing institutions and updating our national way of life. We will do so with the necessary strength, but also with essential caution. The mandate the people gave us has the limits established by the law and by the democratic institutions we must preserve. We want to conclude by stating to all Salvadorans that we will not hesitate to adopt decisions in benefit of the fatherland and neither will we hesitate to defend its institutions. We will continue to devote all the days of our administration to the exclusive service of the Salvadoran people. With the help of God, the support of the people, the understanding of the political sectors, and the rationality of our action program, we are sure we will continue forward toward the future of peace, progress, and freedom that we all desire and deserve. May God bless you. [applause]

Samayoa Praises Speech

PA0406022991 San Salvador Radio Cadena YSU in Spanish 1200 GMT 3 Jun 91

[SALPRESS report by Ricardo Gomez from Mexico City]

[Text] Good morning YSU listeners. In statements to SALPRESS, Salvador Samayoa, a member of the Farabundo Marti National Liberation Front [FMLN] negotiating team, praised some aspects of President Alfredo Cristiani's speech on the occasion of his second year in office.

[Begin Samayoa recording] Personally, I think it was a good thing that it was not a confrontational speech. Instead, the speech held optimism and hope for the people. I myself share that hope. I am absolutely convinced that we are going to attain peace in El Salvador and we are going to achieve it soon. I see it as a good sign that Cristiani's speech stressed positive things and held hope. [end recording]

Samayoa said: The problem is that words should match deeds and as far as I am concerned, the government does not uphold Cristiani's attitude at the negotiating table. In addition, there is no apparent headway in the country's democratic awakening.

When referring to the political openings that the president mentioned in his speech, Samayoa said:

[Begin recording] I would say that the political openings the country needs have yet to begin. What we do see is the openings that have already taken place, such as the case of the Democratic Convergence [CD] or the UDN [National Democratic Union] parties. The democratic victories have certainly proved costly in the many sacrifices in bodies and blood. I have no doubt whatsoever that if the FMLN did not have the strength it now has, there would be no respect for the CD or UDN parties. [end recording]

FMLN Radio Criticizes Speech

PA0406044591 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 2 Jun 91

[Station commentary: "A Useless Speech for Peace"]

[Text] Protected by a military corps, Cristiani has spent two years serving as head of a system that keeps the poor hungry and the criminals protected. In his second annual report before the Legislative Assembly, Mr. Cristiani spoke of pluralism and stressed the political opportunities attained, while the empty seats of the brave democratic opposition legislators faced him.

The odd thing about the presidential speech is that, despite the fact that peace and war are the country's

fundamental problems, Cristiani spoke irresponsibly, much like an ostrich that hides its head in the sand. Consistent with a position that refuses to recognize the country's political and military reality, Cristiani spoke of a negotiation process that does not waver from the strict legal framework, when, to attain peace, it is these very same laws that are the topics at the negotiating table. The president spoke of the military caste saying that the Armed Forces have faithfully fulfilled their constitutional obligations, when it is the topic of the Armed Forces that is being discussed at the negotiating table, due to the atrocities committed against Salvadorans, including the case of the Jesuit priests. Only a president who is equally involved in violations of human rights can say without blushing in his second annual report, that he is satisfied with the behavior of the Armed Forces, despite their markedly criminal behavior.

Cristiani refused to send a clear signal that would make it possible to restart the stalled Caracas negotiations. He did not. Alfredo Cristiani lost a good and new opportunity to correct his mistake. Instead, his speech became a useless speech for peace. Instead of becoming an artisan for reconciliation, such as he said in his report, he became the presidential spokesman for the protected.

Defense Minister on FMLN Military Actions

PA0606035991 San Salvador Radio Cadena YSU in Spanish 1800 GMT 5 Jun 91

[Text] Defense Minister General Rene Emilio Ponce denounced the possibility that the FMLN would launch new violent actions over the next 15 days to try to attain political objectives.

The rebels threatened to intensify the war and criticized the position of the Army and the government during the negotiations held in Venezuela recently.

Defense Minister Ponce said that the rebels do this to generate insecurity and psychological terror among the civilian population. The Armed Forces, however, maintain control by continuous military operations, said Gen. Ponce.

[Begin recording] [Ponce] We must remember that the FMLN's main weapon is terror. Terror can be psychological or it can be caused by actions such as the ones we have seen recently. That is another way of generating insecurity, mistrust, and anxiety among the civilian population.

I repeat: Those are the methods used by the FMLN in the psychological field, in addition to their other powerful weapons, propaganda and disinformation.

As an armed institution, we are conducting defensive operations to protect our country's traditional political, economic, and social system.

[Unidentified reporter] What results have these military operations had so far in the country's 14 departments?

[Ponce] As I said before, we are carrying out operations in the 14 departments and the fact that the FMLN's terrorist actions have not multiplied, is a result of the Army's continuous operations. Therefore, the results are positive and the fact that no significant offensive actions have been carried out, as the FMLN had planned, is an obvious and logical result of the activities of the Armed Forces.

Now, after the FMLN has [word indistinct] and awarded itself the credit for the Caracas agreements [as heard], the possibility exists that they could increase their military actions from now until the next meeting. The next meeting will, apparently, be held in 15 days in a country which is yet to be decided.

Therefore, we are also ready to continue these defensive activities to keep the FMLN from conducting offensive actions.

[Reporter] [Question indistinct]?

[Ponce] There is evidence in that regard and we believe that we must denounce them publicly because the FMLN will pay a high political cost for these actions. I believe that warlike and military positions, any kind of position that maintains the armed and violent path as a way of attaining objectives, have no place now that there is a peace process in our country.

[Reporter] [Words indistinct] U.S. congressmen decided to reduce the military aid to El Salvador because that would help [words indistinct]?

[Ponce] I believe that the U.S. Congress should analyze very closely the effect that one of their decisions could have on the future of our country's peace process. In that sense, we believe that if they decide to cut, condition, or reduce military aid to the country, they would send the wrong signal to the FMLN and, mainly, to those individuals who believe that violence is still the way to achieve their goals and reach power. I believe that the U.S. Congress should analyze this closely to be able to make the appropriate decision.

[Reporter] What is the Army planning to do in light of the threats from a (?rightist) organization in view of the possible arrival of a [word indistinct] (?terrorist) in the country?

[Ponce] We are already conducting the corresponding investigations to determine what clandestine group, since it is a clandestine group, has been making these kinds of threats. We are against any violence that may take place in the country. We are against any organization, no matter where it comes from, that may want to take the law into its own hands and increase the spiral of violence in our country. Therefore, we will fight it with everything we have.

[Reporter] What is the situation of the land seizures and what is the [words indistinct] Armed Forces? [Question indistinct]?

[Ponce] At this time, I believe that all the land seizures have been solved through judicial orders, which the security corps have enforced.

We have found in the western part in the country, mainly in the Ahuachapan, Sonsonate, and Santa Ana Departments, that the peasants have been tricked. They have been manipulated by organizations that, whether they accept it or not, are following the guidelines that the FMLN has given them to destabilize the country. What they wanted to do with the peasants was to cause a confrontation with the country's public forces to justify mobilizations and violent demonstrations.

There have been no problems conducting the evictions following judicial orders. We were concerned with the evacuation of the (Melunda) ranch in Santa Ana Department on 4 June, but we were able to convince the peasants to leave voluntarily the land they had occupied. [end recording]

The military chief also reported that coordination with the Honduran authorities on stopping arms shipments to the rebels, that were supposedly entering the country from Nicaragua, has been a success. Up to this time, there have been no attempts in this regard. The Army learned from military intelligence data of plans to bring a lot of arms into the country within the next two months for the FMLN. Gen. Ponce concluded that the Army continues investigations to prevent the arms from reaching their destination.

Army Will 'Respond'

PA0506211191 San Salvador Radio Cadena YSU in Spanish 1800 GMT 5 Jun 91

[Report by Julio Ernesto Rodriguez]

[Text] President Alfredo Cristiani said today that if the FMLN [Farabundo Marti National Liberation Front] insists on carrying out military actions, the government will respond in a similar manner. If they want war, they will have war, Cristiani said, adding that guerrilla military movements have been detected which give the impression they are preparing for a large-scale offensive.

Speaking during a news conference on the changes made by the government to the document on the Armed Forces presented by the United Nations, Cristiani accused the rebels of backing down in the negotiations by rejecting the entire document.

[Begin Cristiani recording] We do not want war. We want peace and we have sought peace since the first day, but we have always said that our criteria are not based on weakness. If the FMLN wants war, they will have it. The FMLN should clearly understand this. Second, I believe we have spoken a great deal about the modifications to the document, [Words indistinct] and in the first place, I believe the statements made by Presidency Minister Oscar Santamaria yesterday, 4 June, are really what I want to say.

There has been a great deal of propaganda claiming that the government has made nearly 40 amendments to the working document. Actually, the working document is designed for observations and amendments. That is why the document is submitted in the first place. I would like to say and reiterate what the Presidency Minister said yesterday. He said if the government makes observations and the FMLN rejects the document, who is really obstructing the process? Is it the government or the FMLN? [end recording]

Cristiani also spoke about some new aspects which have arisen over the past few days and which require a response. First, he spoke about the communique from the Salvadoran Anticommunist Front, which accuses international organizations of intervention and which threatens to take actions against those institutions, including the Onusal [UN Observers for El Salvador], Doctors Without Borders [Medicos sin Fronteras], Onuca [UN Observer Group in Central America], and the [words indistinct].

The president promised that he will take all available legal actions against these people who want to take the law into their own hands, and he offered security to the representatives of those organizations, if they request it.

[Begin Cristiani recording] First, we are going to fight all those groups or people who try to take the law into their own hands or who violate the law in an attempt to have their ideas expressed. Just as we fight the FMLN when it continues to adopt a violent attitude, we are also going to fight any other group of whatever inclination that tries to take actions of a violent nature. Logically, it is up to us to provide security, and if some international organizations request, we would be willing to provide appropriate protection in that regard. [end recording]

The president also talked about land occupations. Since evictions are already taking place, the president said they are in keeping with the law. He said the government will always take such legal measures to stop the squatters. In addition, he called on landless peasants to go through legal channels to obtain their land.

The president also said that the dissolution of the Armed Forces is not being discussed at the negotiating table. He said efforts are aimed at getting the guerrillas to join the political process just as the other political parties have done, Cristiani added.

Commenting on the Jesuit murder case, the president said the government cannot determine the guilt of the military officers being held in prison. He said the justice system will determine the answer to that question. He said, however, that the evidence which led to the arrest of the nine military officers, appears to indicate that they are all guilty.

* Economic Integration: Potential Drawbacks Noted

91CA0125A San Salvador EL SALVADOR PROCESO in Spanish 10, 17 Apr 91

[EL SALVADOR PROCESO is published by the Center for Documentation and Information of the Central American University (UCA)]

[10 Apr pp 9-12]

[Text] Now that the Persian Gulf conflict has ended in favor of the allied forces led by the United States, a new world order appears to be dawning. In the case of Latin America, now that the shake-out of the military governments has been consummated, and the governments elected by popular vote have been consolidated, and now that the United States' military supremacy over the rest of the nations has been demonstrated, its attention has been turning toward the operative aspects of the Americas Initiative. This is the context in which the recent GATT negotiation rounds in Uruguay, the talks leading toward the creation of a common market in North America, the San Jose VII Conference, the Economic Action Plan for Central America (PAECA), the Tuxtla talks in Mexico, the periodic meetings of Central American leaders, the 32d meeting of the Inter-American Development Bank (IDB) and the recent meeting of the world's most industrialized nations to create the Central American Association for Democracy and Development (ADD), have been taking place.

Latin American history has already demonstrated the practical impossibility of achieving economic development only through structural reforms to redistribute income in an equitable manner. It has also shown that for reforms to be successful income must be sufficiently high to satisfy the needs of the majority of the population. Thus neither economic policies nor revolutions have been capable of finding a formula that promotes both economic development and social justice, a fact that points to economic and political integration as the best way of overcoming the Latin American subcontinent's economic problems.

Nevertheless, it would not be advisable to indiscriminately promote a process of this nature in the current environment facing the Central American nations, in particular El Salvador. It is first necessary to implement some policies facilitating the promotion of modernizing the productive apparatus and the population's social development. In what follows, we hope to demonstrate that not just any economic integration policy can be the panacea for the country's macroeconomic disequilibriums and structural problems; on the contrary, some could even induce greater pressures and difficulties. In addition, it is interesting to highlight certain elements of great importance to the successful implementation of the integrationist process—foreign investment and world cooperation—and the potential effects of this integrationist process, as well as of stabilization and structural adjustment programs on the the Latin American countries' social reality.

The Balance of Payments in 1990

In 1990 the country's balance of payments improved significantly, which nevertheless—when examined in moderate detail—reveals that the conditions making this possible do not ensure progress in the balance of payments in the direction recently observed, that is, toward growth in the surplus. We state this because of the strong dependence on exogenous variables such as capital flows.

Furthermore, 1990 has shown no improvement in the trade deficit. On reviewing the trade figures for 1989 and 1990, the deficit has grown by some 8.7 percent, despite a 16.6 percent increase in the value of exports. As a result, the figures extrapolated forward by the Central Reserve Bank indicate further trade deficits.

In addition, in the current environment, pregnant with initiatives for promoting regional economic integration, it is interesting to highlight the Salvadoran export sector's strong dependence on traditional exports, as well as the effects of the deterioration in the terms of trade. It is also interesting to consider import trends, which have become an increment of consumer goods imports, which disallows any commentary intended to criticize the presumed advantages of the customs and exchange rate policies with respect to the efficient allocation of resources.

With respect to export trends, it can be said that in 1990 there has been a marked trend to lower prices, as shown by the fact that despite a 42 percent increase in total export volume, the value of exports—as has already been noted—has only increased by 16.6 percent. Coffee exports could well be an explicative element of the observable behavior of total exports, given that volume increased by 57 percent while value increased by only 13.2 percent. That is, changes in the volume of exports cause less than proportional changes in value. This relationship is clearly rooted in the fall of coffee prices since the OIC [International Coffee Organization] breakdown in September 1989.

In turn, the 33.6 percent increase in value of nontraditional exports to the rest of the world in 1990 has also been notable. However, the value of the same exports sent to the Central American region has increased by only 7.7 percent, which shows the greater relative importance of the markets in the rest of the world compared to the Central American Common Market (MCCA) in terms of the level of activity, as demonstrated by the demand for our exports. Regrettably, the greater activity in the markets in the rest of the world also has repercussions for the imports they send to this country, creating a deficit that reflects negatively on the trade balance and that, in 1990, was mitigated—although modestly—by a 17.2 percent improvement in the trade balance with the MCCA countries. That is, it has been possible to attain a trade surplus only in the MCCA.

In addition, imports show a similar relationship between volume and value—that is, inverse—with the exception of capital goods imports. For this latter, it was observed that changes in volume produced less than proportional changes in value. Thus it can be observed that while the volume of capital goods imports increased by 4.4 percent, their value increased by 16.2 percent.

The economic classification of imports reveals that a reordering of the relative importance of the various types

of imports has arisen, clearly favoring increased consumer goods imports. These imports increased in value by 35.4 percent during 1990. Conversely, intermediate and capital goods imports increased less rapidly, at rates of 9 percent and 16.2 percent, respectively.

Table 1
El Salvador: Balance of Payments
(Millions of Dollars)

Item	1990	1989	Percent Change
I. Exports (FOB [Free on Board])	580.2	497.5	16.6
A. Traditional	294.0	252.6	16.7
1. Green Coffee	258.9	228.6	13.2
2. Raw Cotton	1.3	694.0	88.3
3. Sugar	20.2	13.4	51.5
4. Shrimp	14.3	10.1	43.0
B. Nontraditional	285.3	244.8	16.6
1. Central America	173.0	160.6	7.7
2. Rest of the World	112.3	84.1	33.6
II. Imports (CIF [Costs, Insurance and Freight])	1,262.5	1,161.4	8.7
1. Central America	200.3	200.9	3.7
2. Rest of the World	1,054.2	960.5	9.8
III. Trade Balance	-682.2	-663.8	2.8
IV. Net Services	-39.2	-23.0	-41.33
V. Net Transfers	519.2	568.6	9.51
VI.Current Account	-183.8	-136.6	-25.68
VII. Capital Account	139.1	396.5	185.05
Official Capital	150.2	128.6	-14.38
Bank Capital	55.2	95.2	72.46
Private Capital	-66.3	172.7	-360.48
VIII. Balance of Payments	-44.7	259.9	-681.43
Deferred Payments	69.5	-104.5	-250.36
Change in RIN [Net International Reserves]	-24.8	-155.4	526.61
XI. RIN	278.4	433.8	55.82

Source: Central Bank

Thus consumer goods imports moved from being 25.4 percent of total 1989 imports to 31.6 of the 1990 total, while for the same period capital goods imports decreased their percentage of total imports from 24.1 percent to 18.6. The proportional value of intermediate goods imports remained practically unchanged during the years under discussion.

This provides evidence that the policy of customs duties reductions practiced by the government has had an unfavorable effect on the trade balance, by promoting the substitution of capital goods imports by consumer goods imports, which—as opposed to capital and intermediate goods—do not contribute to increasing domestic production. On the contrary, this policy discourages it by promoting the substitution of domestic products by imported ones. That is how it has been interpreted by Salvadoran business organizations such as the Chamber of Commerce and Industry of El Salvador (CCIES), which has requested that the government be more moderate in customs duties reductions and apply a certain degree of protectionism on Salvadoran industry (see DIARIO DE HOY, 19 March 1991).

As a result of these export and import trends, the 1990 trade balance registered a 2.8 percent greater deficit than in 1989, and 8.5 percent greater than projected by GAES/Miplan [Planning Ministry] based on the trade balance figures available in September 1990. That is, there was never an adequate correction of the trade balance's trend toward disequilibrium; on the contrary, a deterioration was observed during 1990, in addition to the deleterious reordering of imports that indicates inefficient use of resources. This suggests a significant precariousness and inadequacy in customs and exchange rate policies to modify the negative trends in the trade balance.

Table 2
Economic Classification of Imports 1990
(CIF)
(Millions of Dollars)

Item	1990	1989	Percent Change
Consumer Goods	398.8	294.6	35.4
Nondurable	361.4	258.0	40.0
Durable	37.5	36.5	2.6
Intermediate Goods	629.1	577.2	9.0
Industrial Manufactures	486.4	414.4	17.4
Farming	57.9	52.3	10.9
Construction	78.3	98.9	-20.8
Other	6.4	11.7	-45.0
Capital Goods	234.5	279.7	-16.2
Industrial Manufactures	71.1	77.4	-8.2
Transportation	102.6	141.5	-27.5
Farming	8.9	9.2	-2.8
Construction	8.3	17.0	-51.1
Other	43.6	34.6	26.0
Other Nonspecified		9.8	100.0
Total		1,262.5	1,161.4

Source: Central Bank

[17 Apr pp 6-9]

[Text] Although the trade deficit has increased since 1989, the balance of payments was in surplus, increasing by 681.43 percent over 1989. This was due to three factors: a 41.33 percent decline in the services account deficit, a 9.51 percent increase in net transfers, and a 185.05 percent increase in the capital account, which in turn is primarily due to an unusual 360.48 percent

increase in private capital. As a result, net international reserves (RIN) increased by 55.82 percent. Except for the net services category, none of these accounts ensure the economic effectiveness of the foreign exchange and customs duties policies, although they do permit one to say that the government enjoys the financial support of multilateral organizations and a greater degree of confidence on the part of the private sector.

This demonstrates that review and periodic correction of the stabilization and adjustment policies is necessary to ensure attainment of the identified objectives, and it appears that the government has become careless in this respect, since the unfavorable trend in the trade balance was already well-known by last May, which still allowed time to implement contingency measures. In this case, a revision of customs duty rates according to selective criteria and the fixing of tax margins, and a revision of exchange rate policy based upon criteria to increase the competitiveness of Salvadoran products, would have served as an escape valve for economic pressures, by improving the country's trade balance. However, those measures never came about (fortunately for those sectors with low income).

This experience shows that structural adjustment policies are not of equal benefit to all economies; it is necessary to adapt them to the needs and capacities of the distinct populations and productive structures. In the case of El Salvador, economic policy should be oriented to counteract the deterioration in trade that is reflected—according to figures from ECLA [Economic Commission for Latin America]—in a cumulative change (between 1981 and 1990) in the terms of trade and the purchasing power of exports of -44.8 and -58.2 percent, respectively; but great importance is also invested in the execution of strategies leading to decreases or even diminishing increases in the social debt.

This double objective of economic policy is of special importance for Salvadoran reality in a current world environment characterized by the growing spread of structural adjustment programs and by market trends toward promoting economic integration. To not adopt measures to ameliorate the negative effects of the adjustment programs and to formalize the Americas Initiative is to cause the majority of Latin American countries to move to an even less favorable situation than the one that paved the way for the structural adjustment.

Strong Integrationist Impulses

Since President Bush made the content of the Americas Initiative public, the cooperative efforts of Latin American nations have entered into a state of hyperactivity, characterized by the implementation of activities to establish the rules for administering an economic integration process in the style of the one proposed by the United States government, ignoring the potential adverse effects that could result from a plan geared more toward strengthening the United States.

In this framework, efforts have been taken to formalize the Americas Initiative, notable among which are President Bush's visits to Mexico and various Southern Cone countries, meetings with representatives and ministers from Central and South America, and more recently the creation of the Southern Cone Common Market (Mercosur), and the San Jose VII meeting.

The launch of the Central American Common Market (MCCA) has already progressed to the implementation of measures such as reactivation of the Central American payments system and strengthening of the Central American Bank for Economic Integration (BCIE) with the addition of Mexico as a member country. In addition, studies and projects are currently in progress involving the reactivation of intraregional trade, with participants including the Inter-American Development Bank (IDB), the International Monetary Fund (IMF), the World Bank, the Latin American Economic System (SELA), and the world's most highly industrialized nations.

An economic integration program as ambitious as the Americas Initiative poses inherent problems for countries intending to become involved. The first problem revolves around low domestic savings rates—regionally as well—to finance the industrial reconversion process necessary to promote the reintegration of the Latin American countries into the world economy.

The second problem involves the inconvenience of promoting an economic integration process in which countries with productive structures at unequal levels of development interact, since this can result in potentially unfavorable effects for the reduction of macroeconomic disequilibriums. In a recent study the Latin America Economic System (SELA) shared a similar interpretation, in concluding that the difference in levels of economic development between Central America and Mexico is the greatest obstacle to economic integration in both regions. Similarly, it concluded that in order to facilitate the integration process, the transportation and communications infrastructures must be improved. This problem is only resolvable through a dose of international cooperation favoring the adoption of compensatory measures to favor the lesser developed countries.

The solution to the first problem can be said to inevitably require obtaining external financial resources to close the gap between savings and investment, which, in addition, will be increased by adopting a program of industrial reconversion. Increased capital demands caused by the devastation of the Persian Gulf conflict, and the implementation of a reform and modernization program in Eastern Europe place the Latin American countries in a disadvantageous situation.

The IDB recently held its 32d Annual Meeting in Nagoya (Japan), where the problem of Latin America's scarcity of financial resources was discussed. The Latin American countries took the opportunity to promote themselves as an attractive zone for foreign investment. According to IDB President Enrique Iglesias, Latin

America is capable of competing in the capital markets; however, given the priorities of the countries with investment capacity, there persist reasonable doubts that Latin America can emerge victorious from this competition, despite a possible increase in loans from multilateral organizations.

The motives for the economic assistance are unclear, since despite the evident need for external resources to transform the industrial structure, there are not yet any clear signs that the flow of resources will be assured. The United States Government, according to Senator Terry Sanford, will not increase its economic assistance to Central America during 1992, due to problems with its fiscal operations. For his part, Central American Bank for Economic Integration (BCIE) President Federico Alvarez has announced that his institution will provide a greater quantity of resources to the countries in the area. At the same time, he stated that he will require the payment of the loans. In turn, the IDB president said that his organization is pursuing increases to the region in order to become the primary credit source in the area.

In the case of Central American integration, the relaunching of the Mercomun [Central American Common Market] depends upon the possibility of modernizing the productive apparatus, which in turn depends on the possibility of attracting investors and/or foreign assistance to the area. Regrettably, foreign investment penetration could cause serious dislocations in the "normal" functioning of the economies. With respect to those dislocations, it could be said that in light of the experience of Latin American countries such as Venezuela, Argentina, and Brazil, they are not beneficial for the great majority of the population of a country.

The first steps leading to the promotion of foreign investment have already been taken. Among them are the creation of the Multilateral Investment Fund during the IDB's 32d Meeting, and the incorporation of El Salvador into the Multilateral Investment Guarantee Organization (MIGA). In addition, at the recent San Jose VII meeting agreement was reached offering an 80 percent increase over five years in the economic assistance that the European Economic Community (EEC) provides to Central America. Nevertheless, no important agreements were reached to indicate the adoption of a preferential customs treaty for Central American products destined for the EEC, an issue of more relative importance than economic assistance, which nevertheless was later agreed to. It remains to be seen which regulations the investors and multilateral organizations will be administered by, which will determine the results of the process in terms of correcting the macroeconomic and social maladjustments.

Conclusions

Keeping in mind the possible consequences and implications that this international economic dynamic could have for El Salvador, and specifically for the country's most vulnerable social sectors, it can be said that they could face unfavorable consequences for their living conditions unless measures are adopted in consensus to permit a reversal of those negative effects.

First, the effects of the adjustment program on the most unprotected sectors of the population, that is, those who receive a relatively low fixed income (varying little over time) or who have none at all, are felt in a loss of the purchasing power of income, a product of the liberal pricing and exchange rate policies. Despite the adoption of compensatory social programs, it is difficult if not impossible to ensure that these represent a solution of a magnitude adequate to the problem, above all considering the continuity of the exchange rate liberalization policy and the government's implementation of salary and interest rate freezes over the next few months.

Second, in the process of promoting foreign investment by benefiting from one of the comparative advantages of Latin America, such as the abundant labor force, salary policies should be guaranteed to be attractive to foreign investors, that is, they should not be overly ambitious to share the added value between the salaried workers and the owners. Inevitably, this element will be to the detriment of the salaried sectors.

Overcoming the obstacles to development in Latin America is a difficult step, and it therefore requires ambitious strategies as well as the support of a majority of economic actors. The assistance of international organizations and private investors is needed to sufficiently overcome the imbalance between savings and investment. Furthermore, it is necessary that foreign investment legislation be adequately regulated in terms of distributing added value and utility, for which consensus between government and investors on priorities is necessary. This greatly involves the political orientation of the governments and domestic and international interest groups.

In the Salvadoran government, it is difficult to believe that this will be formalized by a law regulating foreign investment and limiting the earnings of proprietors, since Arena [National Republican Alliance] subscribes to the neoliberal ideology.

The adoption of policies to promote the equitable distribution of added value is a necessity. Nevertheless, in the face of policies inherent to the integrationist process, their implementation will become very difficult unless an adequate consensus can be arrived at that facilitates the most powerful countries subordinating their interests to those of the poorest countries. Thus, in the case of Central America, what should first be promoted is regional integration and the adoption of a law administering foreign investment as a function of favoring the least protected sectors among the population with respect to the adjustment process.

In the current context, there is uncertainty as to how to resolve the crisis bearing down on the Latin American countries and the vast majority of their population. Only the adoption of a development program through economic

integration on a sufficiently broad scale can ensure overcoming the structural inequities in Latin America. The implementation of an economic integration program containing no measures for consensus on modification of the structural inequities characterizing the economies of Latin America will not favorably modify the objective reality of the great majority of the population.

Honduras

Government Branches Give 'Messages to the Nation'

PA0406011491 Tegucigalpa Radio and Television Network in Spanish 0200 GMT 1 Jun 91

["Messages to the nation" by President Rafael Callejas; Congress President Rodolfo Irias; Supreme Court President Oswaldo Ramos; and Armed Forces Chief General Luis Discua, on 31 May in Tegucigalpa—recorded]

[Text] [Announcer] This is President Rafael Callejas.

[Callejas] People of Honduras: It has been 17 months since the historic day that I assumed the lofty responsibilities of the presidency of the Republic. Within this period, we have heard with striking clarity the people's voices demanding liberty, democracy, order, progress, and justice.

The loftiest aspirations of the spirit of our (?century) were demanded for our nation as it was plunged into economic collapse, amid the anarchy of state finances, the flight of national capital, the freeze on foreign financial cooperation, the embargo on economic aid from friendly countries, the desperate absence of trust of our own people in the country's future, [word indistinct] savings, state regulation and control of the national economy, the traditional and (?ruinous) policy of import substitution, and labor parasitism of a state that has refused to accept the challenges of modern economic principles.

In other words, the Honduran people were plunged into a tide of (?increasing) destitution that lacked economic health and direction and, worse, that lacked faith. The struggle to reverse this traumatic process has been very difficult. The presidency, which I am honored to occupy, has been firm in implementing the proposal to modernize the principles and procedures that regulate state activity and the national economy.

Nothing, absolutely nothing, would have been possible without the support of the Honduran people and their honest and unconditional solidarity. The state modernization program and the economic adjustment program would have collapsed with a thud and thus complicated our precarious situation—a situation that cast serious doubt about the country's future.

I am indebted to the Honduran people. The political vision of my compatriots is unquestionably thoughtful and profoundly civil and mature. Faced with desperation, it applied the admirable power of its faith in its leaders and programs that respect order and the laws of the Republic.

As a man and as a citizen, I feel deep joy in recognizing that the Honduran people have rejected those who incite disorder. This attitude of the people has created more trust and leads to encouraging presidential decisions. We will continue to make these decisions to maintain peace and social stability through dialogue, tolerance, patience, and prudence; not as signs of weakness, but as a sign of government strength and determination to maintain order and tranquility nationwide. The least we can do in response to what the people have done is reaffirm our commitment to respect the law, abide by it, and ensure compliance with it over the whimsical interests of some and the stubborn resistance to authority of others.

Compatriots: We will be strong in fulfilling the constitutional mandate and strong in maintaining peace and public order, as they are invaluable treasures in the progressive development of investment and employment, and the admirable broadening of the Honduran people's spirit and initiatives. We will be strong and inspire our actions by the thoughts of a Central American man who said that strong governments are born from the popular will and can depend on its people in all emergencies.

A strong government is always a government of peace, work, and material and spiritual prosperity, because only within the bounds of the law, moral values, and at the heart of the will of its people, can government base and find the invisible but invulnerable strength it needs to guide, during an specific period, the fate of a nation. I wish you a good evening and hope that the government of the Republic will strengthen its decisions through the efforts and support of the popular will.

[Announcer] This is National Congress President Rodolfo Irias.

[Irias] People of Honduras: The appearance before you of the presidents of each branch of state and the commander in chief of the Armed Forces is concrete evidence of the unity of those who, by the majority and sovereign will of the people, are overseeing the government of the Republic.

Very difficult situations that have not been created by the current government and the result of foreign factors that we cannot avoid, have forced us to make decisions to ensure a better tomorrow for the Honduran people. We have faced the lack of understanding of many people who, far from considering the well-being of the majority, are intent on nursing rancor and selfishness and conducting anarchic actions that could lead to the disintegration of society.

Sectors interested in stirring unrest in the country have promoted a number of movements that clearly intend to

sow chaos in Honduras. They also intend to deprive us of the great historic opportunity to establish solid bases of national progress.

The government headed by Rafael Leonardo Callejas has defined policies that no one dared adopt in the past, because it was more important for previous leaders to further personal interests than the happiness of the Honduran people.

In this regard, the National Congress, that I am honored to preside over, has given full support to the president of the Republic by establishing within the framework of legislation, all the necessary instruments to give social and economic stability to Honduras, which it had lacked prior to January 1990.

The fatherland needs the help of all its citizens. In trying times we must show our love for Honduras by displaying positive attitudes, accepting the national challenge, and setting aside personal or group interests.

People of Honduras: In my capacity as president of the legislative branch, I voice my full support for the administrative work of President Callejas, because we feel that his mandate is not the product of improvisation. We believe that power is being exercised with the highest degree of responsibility that the present times warrant.

We ask all Hondurans to trust the government of the Republic. We are on the verge of reaching a crossroads, but we will not be able to overcome adverse periods if we encounter in our path those who, with other goals in mind, oppose our plans without offering better alternatives to solve the most serious problems of Honduras.

Fellow citizens: Peace and tranquility are needed to build the nation's present and future. Let us support, as we, the national representatives are now doing, a government that has the best intention of turning Honduras into the fatherland of which our forefathers dreamed and which we dearly desire to bequeath to those who will come after us. Have a very good evening.

[Announcer] This is Oswaldo Ramos, president of the Supreme Court of Justice.

[Ramos] Fellow citizens: State jurisdictional authority in Honduras is exercised through a number of branches that form a pyramid that converges on the Supreme Court of Justice, which is the apex of authority that reflects the people's power and is managed under specific circumstances on behalf of the state.

I was called to preside over this very high tribunal of the Republic that consists of a team of law professionals who deserve the nation's greatest respect and trust. In the subjective sense, this judicial branch is, therefore, one of the three state constitutional branches that make up the government of the Republic. In an objective sense, the activities of the executive, legislative, and judicial branches comprise the government.

In other words, the appearance today of the representative leaders of the presidency, the National Congress, and the Supreme Court is, in a formal and material sense, the appearance of the government before the people of Honduras.

The appearance of the commander in the chief of the Honduran Armed Forces has special significance, because as the leader of the constitutional branch, which our Constitution has tasked with defending us abroad and at home, his presence shows the homogeneity of the government's actions and implementation and fulfillment of its constitutional duties.

It is important to underscore this to ensure that it is understood that there is but one government of the Republic, that each one of its leaders has his own responsibilities, and that the higher duties demanded by the fatherland are above underlying and selfish interests.

The judicial branch wishes, through me, to pay tribute and recognize the work done by the executive branch through President Rafael Leonardo Callejas to promote our country's development and the responsible way in which he has promoted the policies that will allow our fatherland to reaffirm its identity as a nation and emerge before the international community as a country that advances with firm steps toward its future.

It is important to point out that legislative work is best reflected in the legislative act par excellence, that is, the law, which is the obligatory norm of conduct that allows society to advance when such laws are issued with full awareness of the social aspects that they seek to regulate.

Compatriots: Let us take advantage of this memorable and historic occasion to reaffirm to the Honduran people that the judicial branch is willing to help strengthen democracy as a system based on respect among the people, because we are aware that in a country where the majesty of the law stands as a beacon, the administration of justice does not respond to particular interests and the judges are honest. This society will be respected by nationals and foreigners. This is our commitment to Honduran democracy. I send greetings to my compatriots. God bless you.

[Announcer] This is Brigadier General Luis Discua, commander in chief of the Honduran Armed Forces.

[Discua] Compatriots: The leaders of the branches of state have clearly defined the policy of state leadership in situations of perfect harmony of actions that seek to heal the wounds of society over the short run and vigorously promote the resurgence of a people who aspire to a more promising fate.

The Honduran Armed Forces are a state constitutional body, recognized as a permanent national institution that is essentially professional, apolitical, obedient, and

non-deliberative. They were established to defend territorial integrity and the Republic's sovereignty, to maintain peace, order, freedom to vote, and ensure the alternation of power in the presidency of the Republic.

This is a sacred civic mission that the fatherland has asked us, the men in uniform, to fulfill. All of us have sworn to fulfill such duties with loyalty, honor, and sacrifice, because we are aware that Honduras is above all subjective values of the various segments that make up society.

We, the members of the Armed Forces, come from the very heart of the people and identify with the people's legitimate aspirations to meet their needs, because we are part of them. This is why we care for them. We must act seriously toward the nation and say with absolute clarity that the armed branch of the people, in fulfillment of its constitutional duty, is subordinated to observing and conducting the legitimate orders of the constitutional authorities.

In my capacity as commander in chief of the new Honduran Armed Forces, I have visited every military unit and in each of them I have found unanimous echoing of our constitutional position and understanding of the nation's serious problems.

This is why tonight I wish to say that when we offer respect, we also demand respect for law and order from all sectors of society, because this is a natural condition for progress among the people. We cannot allow anarchy, disorder, and disrespect for the law, and above all, conspiracies against society and the state.

All Hondurans can absolutely rest assured that the Honduran Armed Forces will comply with their constitutional duties with impartiality and absolute firmness, and above all, keep in mind that all Hondurans must respect each other as equals. Good evening to all.

Nicaragua

Humberto Ortega Says Godoy Sponsoring Uprising

PA0506221091 Panama City ACAN in Spanish 2005 GMT 5 Jun 91

[Text] Managua, 5 Jun (ACAN-EFE)—Nicaraguan Army Commander General Humberto Ortega today met with a National Assembly commission and reasserted his charges that Vice President Virgilio Godoy is sponsoring an uprising of former contras in the northern sector of the country.

Ortega appeared before the National Assembly's Government and Defense Commission to reassert his accusations against Godoy, who is reportedly involved in a movement of former anti-Sandinists to oust Violeta Chamorro's government.

Although he presented no evidence, Ortega said that Godoy's "revengeful" speech "encourages reactionary and stubborn former contras wrongfully to seek confrontation."

A group of mayors proposed Godoy as a presidential candidate in the 1996 elections during a meeting held over the weekend in La Concepcion Municipality, 50 km southeast of Managua.

Ortega revealed that approximately 600 former contras have declared themselves "fervent admirers" of Godoy. He warned that "military intelligence" (security) has launched an investigation to find the links that will allow the authorities to "fully identify" the former contras who support Godoy and oppose Chamorro, Presidency Minister Antonio Lacayo, and the military authorities.

"I feel I have the right to talk about Godoy and anyone else who threatens the government," Ortega emphasized, after adding that "we will let no one" destabilize the Chamorro government. Gen. Ortega, who was kept in his post by President Chamorro, explained that 300 of the 600 former rebels who have regrouped are "well-armed." He added that approximately 500 anti-Sandinist fighters have united along Nicaragua's Caribbean coast and are engaged in "pillaging and the kidnapping of peasants." He explained that the former contras are located in the zones of Matagalpa; Jinotega; Esteli, in the northern part of the country; and Chontales, in central Nicaragua.

FSLN Deputies Walk Out of Assembly Over Vote

PA0506232091 Panama City ACAN in Spanish 2013 GMT 5 Jun 91

[Text] Managua, 5 Jun (ACAN-EFE)—The Sandinist deputies today walked out of the National Assembly building shortly before the approval of a law abolishing another law that prevented the government of President Violeta Chamorro from seeking an out-of-court settlement with the United States on a suit that Nicaragua won at the International Court of Justice [ICJ] in The Hague. In 1986, the ICJ condemned the United States for its mining of Nicaraguan ports. That suit was brought before the court in 1984 by the former regime, the Sandinist regime.

Sergio Ramirez, former vice president of Nicaragua and head of the Sandinist National Liberation Front [FSLN] faction in the National Assembly, announced the walkout by the 39 opposition deputies when Alfredo Cesar, president of the Legislative Assembly brought the draft bill that would abolish "Law 92" to a vote. Law 92 was approved by the Sandinists on 5 April 1990, 20 days before they left power, in order to keep the incoming government from negotiating an out-of-court settlement with the United States on the amount to be paid for war damages.

On 27 June 1986, the ICJ condemned the United States and ordered it to stop its military and paramilitary actions against Nicaragua. It also ordered the United

States to pay Nicaragua an unspecified amount in damages. The Sandinist government estimated the damages at $17 billion.

President Chamorro sent a draft bill to be considered by the National Assembly that would abolish Law 92. The government considers Law 92 to be in violation of the Nicaraguan Constitution because it keeps it from freely reaching an out-of-court settlement with the United States.

Following the longest debate of this legislative period, the president of the Assembly put the draft bill to a vote. It was at that moment that Sergio Ramirez, head of the Sandinist faction, announced that the FSLN, the main opposition party, "would not be responsible for abolishing Law 92" and cited that as the reason they were withdrawing from the chamber.

The president of the National Assembly, after making sure that the 50 deputies still remaining in the chamber constituted a legal quorum, brought the draft bill to a vote with the following results: 49 votes in favor and one against.

Conservative Party Deputy Uriel Tercero was the only deputy of the 50 present, most of them members of the ruling National Opposition Union (UNO), to vote against abolishing the Sandinist law.

This is not the first time the FSLN deputies left the chamber during a session. A few months ago they did the same when the Civil Service Law was being discussed.

National Assembly Vice President Luis Sanchez told ACAN-EFE that the Sandinists left the chamber "because they had observed that there were no differences among the UNO deputies, and they could not face a civic defeat." Sanchez said that he is sure, even though they suffered a defeat, the Sandinists will be back when the next session begins.

Panama

Judge Issues Arrest Warrants for Noriega, Sucre

PA0606015391 Panama City EL PANAMA AMERICA in Spanish 5 Jun 91 p 1

[Text] The Second Superior Court of Justice on 4 June sought the extradition and arrest of deposed General Manuel Antonio Noriega and former Major Heraclides Sucre, in association with the arraignment that charges them with the execution of Urraca Company Commander Major Moises Giroldi.

Through a legal notice signed by Judges Donatilo Ballesteros and Sandra Huertas de Icaza, the Second Court grants five working days to officially notify Noriega and Sucre of the summons issued against them. The Second Court also decided that the military officers will be defended by the on-duty court-appointed defense counsel.

Moises Giroldi was executed on 3 October 1989 after staging a coup against the Defense Forces commander at the time.

The preliminary proceedings indicate that following interrogation at the Tinajita Garrison, Giroldi was shot by Heraclides Sucre and Captain Ramon Diaz. Diaz claims that his comrade-in-arms forced him to shoot the Urraca Company commander, but that the coup leader was already dead when he shot him.

Heraclides Sucre is currently in asylum in Peru, where he traveled in May after spending 17 months in refuge at the Peruvian Embassy.

Manuel Antonio Noriega is under arrest at the Miami Correctional Center awaiting trial on drug trafficking charges. The U.S. Government had requested that President Guillermo Endara's administration not request Noriega's extradition until his pending Miami trial is over.

Endara Invited to Mexican Spanish-Speaking Summit

PA0606025991 Panama City Circuito RPC Television in Spanish 2300 GMT 5 Jun 91

[Text] Mexican President Carlos Salinas de Gortari today officially invited Panamanian President Guillermo Endara Galimany to attend the first summit of Spanish-speaking countries to be held on 18 and 19 July in Guadalajara, Mexico. According to unofficial reports, Mexican labor unions are preparing demonstrations to protest Endara's visit to Mexico. The first summit of Spanish-speaking countries will open new regional horizons in the economic, cultural, political, and social fields with an outlook toward the year 2000. According to international reports, Endara's invitation to the summit comes after an apparent warming of the relations between Panama and Mexico.

Argentina

President Commemorates Environment Day

PY0606005091 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 5 Jun 91

[Address to the nation by President Carlos Menem on the occasion of Environment Day from Government House in Buenos Aires—recorded]

[Excerpts] Fellow countrymen: Rather than the future of Argentina, we are now being called to guarantee the fate of the human species, which is the only one which recognizes the existence of God and the human being. The protection of the human species and the world ecological system is a double mandate which requires the commitment of not only the government but the entire society.

Wastefulness and the use of methods which spread contamination beyond borders are no longer compatible with a world that is becoming even smaller. The model of the consumer society casts sharp doubts on our possibilities for the future. Today nature is giving us a bill, a bill which was not anticipated during the exciting times of the industrial revolution.

Argentina can decide to reverse this situation and prevent an irreversible collapse in the 21st century. From the moment I took power I have been pursuing the objective of humanizing politics and using them for the preservation of environment.

This is not just a metaphor; it is a rule that can be applied. To humanize means to debureaucratize and to reorganize functions. This historic challenge which circumstances have imposed on us demands the urgent consolidation of a new modern state. State reform represents a strengthening of the modern state's typical activities, including environmental control.

The Argentine Government's actions in support of the environment have been based on a policy of steady development with three major aspects: the productive transformation of the economic structure, the need to join the international system, and state reform. These efforts have been coordinated by the National Environmental Policy Commission [Comision Nacional de Politica Ambiental]. The first step was the creation of a plan to assess the situation and to implement initial measures to resolve the most pressing problems. [passage omitted]

The assessment revealed that our first problem in this sector is the lack of an institutionalized environmental policy. I have therefore decided to structure and centralize environmental policy to make more rational use of our resources, improve international cooperation, focus our efforts, and properly implement decisions.

We are adopting measures that will create the State Secretariat for the Environment [Secretaria de Estado del Medio Ambiente], which will be subordinate to the executive branch, the Presidency of the nation. This organization will not cause any increase in bureaucracy, personnel, or expenditures. [passage omitted]

On the regional front, Argentina has agreed to promote a plan of action for Latin American and Caribbean countries and to support the Latin American political platform for development and environmental preservation.

The green plan is another productive project that can be implemented as a self-supporting undertaking. This plan is aimed at implementing an integral policy in the forestry sector which will turn Argentina into a major producer and exporter of wood and wood by-products. Intensive negotiations have been already carried out to arrange the necessary funding to finance this project through existing cooperation agreements on the environment. [passage omitted]

We have created a Federal Environmental Council [Consejo Federal del Medio Ambiente] with the provinces. We have made progress in matters related to assessment and policy with the cooperation of the provinces and other sectors.

I want to stress that education is an essential aspect which will play a key role in the world's future. I have therefore ordered the Secretariat General of the Presidency and the Education Ministry to include the subject of the environment in programs at all educational levels. These two institutions will today sign an agreement to fulfill this objective, in support of this important day for humankind. [passage omitted]

* Financial State of Public Enterprises Viewed

91SM0318A Buenos Aires CLARIN in Spanish 6 May 91 pp 14-15

[Text] State-run enterprises posted a deficit during the first quarter of the year. The lack of investment is becoming critical in companies like Sanitary Works, at a time when cholera is a growing threat. Moreover, deterioration of the SEGBA [Greater Buenos Aires Electrical Services] electric-power distribution network threatens once again to hinder economic activity.

State-run enterprises have suffered widespread deterioration, according to the SIGEP [General Syndicate of State Enterprises] report on the first quarter of 1991.

The lack of investment is causing a difficult situation in SEGBA. According to the report, unless there is investment in power generation, reserves will be in critically low. If there is a repeat of the dry years, cutbacks in energy consumption will be imposed. The outlook resulting from the investment shortfall is similar in almost all the enterprises: Railways, State Gas, the Post Office, and Sanitary Works. The latter is particularly significant, inasmuch as in November of last year water turbidity problems were detected. According to the SIGEP report, "the continued low level of funding earmarked for investments is causing an accelerating deterioration of infrastructure, thus limiting the quality

of services and the possibility of extending them to new users." The need for investment in Sanitary Works is becoming urgent, all the more so if we bear in mind the danger of cholera.

Good Performers

YPF [Government Oil Deposits] is among the enterprises that are in the best shape. SIGEP underscores the deregulation of this sector and the transformation of this enterprise into a corporation.

Crude-oil sales declined 10 percent, while oil derivatives and crude exports rose 4 and 31 percent respectively. These increases are due to the greater flexibility in the choice of market-client that resulted from deregulation. The report indicates that in spite of the contraction in domestic demand, YPF has increased its market share by 7 percent for gasoline, 4 percent for gas oil, and 3 percent for lubricants.

The company's financial situation is favorable, with no debts to suppliers or contractors. It is also up to date with its tax and retirement-fund obligations. The main reason for this financial performance is the close to 30 percent improvement in collections. One of its problems, however, is collecting from the public sector. These claims account for 65 percent of billings. If this trend continues in the short term, the company's financial situation will worsen appreciably.

Another enterprise that is in somewhat better shape than the others is Water and Electric Power, whose sales to customers were up five percent from the same quarter in 1990. The decrease in rates charged to industrial customers is also noteworthy. Yet this enterprise is no exception to the rule, as the lack of investment for maintenance is making the situation serious. Water and Power will thus have to maintain a precarious balance if there is any increase in demand.

Both Bahia Blanca Petrochemicals and the General Ports Administration are not in major trouble. But except for the enterprises mentioned above, the rest of the 29 are having difficulties of various kinds.

The situation in telecommunications deserves separate mention. In this regard, the following are the major omissions and shortcomings certified by ENTEL [National Telecommunications Enterprise] (in liquidation):

—As of 8 November 1990 there was no verification of funds and securities that would identify residual ENTEL money, securities, and debt claims.

—A $1 million guarantee from Bell Atlantic did not come in.

—The amount of ENTEL credits has not been determined.

All in all, the report contends that these problems stem from a breakdown in company management, of which Maria Julia Alsogaray is still in charge.

The SIGEP report places special emphasis on the lack of action by regulatory authorities, who have not been monitoring the provision of privately run telecommunications services.

In previous reports SIGEP had unfavorable things to say about the administration of the former ENTEL. Shortly before it was transferred to Telefonica of Spain and Telecom, SIGEP harshly criticized the performance of Maria Julia Alsogaray.

The overall situation of the state-run enterprises, therefore, is worsening as the months go by and can be improved only through investment, which for the time being remains absent.

State-Run Enterprises: Comparison of First Quarter 1990 and First Quarter 1991

SEGBA

Sales

Energy deliveries were up 1.7 percent from the previous period. Physical sales were up 1.3 percent. The average rate charged was up 15.5 percent. Taxes amounted to 40 percent (residential, capital) and 52.3 percent (industrial, provincial).

Investment

Investment was down 38.3 percent. The reason was spending restrictions.

Economic and Financial

A large deficit, as current revenues stand at 79 percent of expenditures. Deficit spending amounted to $78 million, which when added to previous periods totals $1.1 billion, equivalent to more than a year's sales of electric power.

Human Resources

Staffing is down 6.5 percent. The current payroll is 21,200. Since a very large percentage of the staff is about to retire, two problems arise: 1) The difficulty of replacing them, and 2) Higher spending on retiring personnel.

Privatization

A technical consultant will be hired to evaluate the enterprise for the privatization process. Later, a financial consultant will be hired to conduct an overall assessment of the business and put together the first draft of the terms and conditions.

Main Problems

- Irregular consumption means a loss of $40 million. Unpaid balances, moreover, are equivalent to five months of billing.
- Energy transportation and distribution are in critical shape. Some weeks as many as 1,200 cables are burned, when the average should be no more than 150-200.

- Investment is needed in power generation.
- The difficulty in regaining economic and financial equilibrium through rate increases or spending cuts.
- Delays in paying suppliers, taxes, and energy funds.

Outlook

The next quarter the enterprise will post a larger deficit than this quarter, unless it is offset by higher rates. This outlook is based on the increase in costs, especially labor costs. Revenues could be increased most sharply by a lowering of the tax burden. Privatization finds the enterprise in such bad shape that it will have a lower sales value in relation to its potential market.

State Gas

Sales

Sales of natural gas were up 18.3 percent. Household consumption was up 26 percent; business and industry consumption grew by 19 percent. From late December to March 1991 prices were up 243 percent for households (lower consumption) and 110 percent for business and industry.

Investment

There are no data on investment totals for the period, although they can be considered meager since they include only purchases of meters and some minor projects.

Economic and Financial

The two main debtors are SEGBA and Water and Electric Power. Longer delays in the large-consumption sector. In addition, the enterprise delayed payment to private suppliers and contractors. And it did not pay off its liabilities to YPF. External debts as of 28 February 1991 were $57.9 million in commercial liabilities and $306.1 million in financial liabilities.

Human Resources

The payroll as of 28 February 1991 was 10,455. The negotiations for a new labor union contract and promotion roster concluded in late January without an agreement.

Privatization

The guidelines of the strategic plan for restructuring were approved on 7 January 1991. The regulatory framework was submitted on 28 February 1991. The bidding conditions are being drafted for leasing the distribution and marketing services.

Main Problems

- The delay is paying off obligations is a result of the failure of its main clients to pay up.
- The absence of investment plans for the area, the administration of which would be handed over to the enterprise after the privatization.
- Internal control presents various kinds of problems: delays and shortcomings in the comprehensive monitoring of billing and collections, delays in bank reconciliations, shortcomings in the supervision of equipment movement.
- The internal bureaucracy and the resulting external bureaucracy are being maintained.

Outlook

In spite of the progress in privatization, uncertainty still prevails as to how the enterprise will continue to operate in the remaining activities.

ENCOTEL [National Enterprise for Mail and Telegraph]

Sales

Sales were up 169 percent as a result of higher rates, since output was down 21 percent.

Investment

Investment was down by 95 percent. Investments of $3.5 million are expected in several areas in 1991.

Economic and Financial

Total estimated debt as of 28 February 1991 was down 59 percent. Ninety-two percent of total indebtedness is domestic, and 8 percent external. Eighty-nine percent of the domestic debt is owed to corporations, 2 percent to suppliers, and 0.9 percent to the public sector.

Human Resources

Staffing as of 2 September was 30,151. This is a net decline of 3,179 workers since February 1990. Personnel productivity was down 13 percent.

Main Problems

- Supervision of official agents remains scant and inappropriate, as is supervision to detect illegal mail deliveries, to which distribution by sender must be added.
- Collection problems persist, mainly from national and provincial government accounts.
- Absenteeism is very high, as on the average more than 5,000 workers miss work every day, 15 percent of the staff.

Outlook

Unless there is an increase in production, ENCOTEL will be unable to remain self-financing, inasmuch as equilibrium is being sought solely through rates, which would place the enterprise in an increasingly adverse situation vis-a-vis the competition.

OSN [National Sanitary Works]

Sales

Billing for services rendered was up 19 percent; this was due to a standardization of billing periods. Collection efforts have intensified.

Investment

Within the restrictive framework imposed on the enterprise, investment has been insignificant.

Economic and Financial

It remains in debt to suppliers and state-run enterprises. It has met payment of retirement and social obligations.

Human Resources

The payroll as of 28 February 1991 was 8,140. As of 31 December 1990 it stood at 9,032. There has thus been a very significant decline.

Main Problems

- The turbidity of water has increased since the second half of November 1990, mainly during this quarter.
- Maintenance and repairs in the San Martin plant continue to be delayed; this diminishes the reliability of drinking water.
- Real-estate-registry and meter-upkeep problems persist.
- Poor conditions persist in every area of OSN.

Outlook

Short-term measures must be taken to allocate scant funds towards the maintenance of the service at the least risk possible.

Its future hinges on the leasing projects. Progress is being made on the studies for the preparation of bidding conditions.

General Administration of Ports

Sales

Sales were up 16 percent as a result of the recovery in the exchange rate. Imports are up an estimated nine percent, while exports are down an estimated four percent.

Investment

There has been an increase of almost 197 percent. It is due to the projects of Puerto Deseado (Santa Cruz), Puerto Galvan (Bahia Blanca), and the port of Buenos Aires.

Economic and Financial

The financial situation remains acceptable. There is a cash surplus, and there are no unpaid accounts payable. Indebtedness is down 33 percent.

Human Resources

Staffing as of 31 March 1991 is 2,980, down 19 percent from the same time last year.

Privatization

The enterprise is subject to the decentralization, regionalization, and leasing of ports or facilities. The ports of Bahia Blanca, Santa Fe, Quequen, Ushuaia, and Rosario have been ordered leased out. Approval of the regulatory framework is pending.

Main Problems

- The poor condition of facilities and equipment is impairing the enterprise's ability to render services.
- The lack of policies for port development is hurting operational planning.
- Planning tasks are not being performed, nor is a technically suitable budget being drafted.
- Its current computer equipment is inadequate.

Outlook

The national authorities are expected to make decisions on ports policy.

Railways

Sales

Transported units of traffic were down 54 percent; passengers, down 53 percent, and cargo, down 49 percent. Rates were up 69 percent for suburban service, up 31 percent for interurban service, and up 12 percent for cargo.

Investment

A decline of 47 percent is estimated. Low rates of availability of both locomotives and railway cars persist. No progress is being made on renovating and improving track.

Economic and Financial

Actual revenues covered only 33 percent of labor costs. Payments to suppliers are 250 days behind, surpassing 1 trillion australes. It still owes money from court cases and to the retirement fund.

Human Resources

The estimated payroll stands at 85,000, down 7 percent. Some 12,500 workers will reportedly soon be laid off.

Privatization

Progress is being made on the following projects: Rosario-Bahia Blanca line, Mitre-Delta line; use of the General Urquiza line (excludes urban passenger service); leasing of 10,000 kilometers of track on the General Roca, San Martin, and Sarmiento lines; issuance and verification of urban and suburban tickets.

Main Problems

- The problem of insufficient repair shops is compounded by the difficulty of farming work out to private ones owing to tight budgets.
- The financial situation is critical, as it is accelerating the wear and tear on both manpower and equipment.
- The enterprise has not tightened its belt in line with the overhaul of government spending.
- The enterprise continues to pile up debt to the retirement fund.

Outlook

Creation of the Ferrocarriles Metropolitanos S.A. enterprise.

This decision poses many implementation problems for Railways, given the complexity of the actions that it will require.

* Main Provisions, Criticisms of New Labor Law

* Main Provisions

91SM0317A Buenos Aires CLARIN in Spanish 5 May 91 p 5

[Text]

Single System of Labor Registration

A single code of identification and a single coupon for the payment of dues and contributions are established.

Standardization of Unregistered Employment

Any employer who does not register an employment relationship, enters a starting date later than the true date, or claims a lower amount of remuneration will pay to the worker in question one-fourth of the remuneration due, updated by the IPC [Consumer Price Index] based on the date of the hiring or real date of entry until the date of registration, or the amount of unregistered remuneration, depending on the case. Indemnification may not be less than triple the monthly wage.

If, within 90 days of the date the law went into effect, the employer effectively registered the employment, he will be exempt from payment of dues, contributions, fines and charges that have accumulated in connection with the case with any organization in the social security system, including social projects. Debtors taken to court may comply with the suit in order to take advantage of this benefit. In this case, the employer is also exempt from payment of indemnification to the worker.

If, within two years, the employer should fire without just cause the worker who quit the unregistered job, he will have to pay double the amount of indemnification due.

Collective Labor Agreements

Clauses covering the incorporation of technology, functional mobility, and implementation of new types of hiring specified in this law must be negotiated.

Types of Labor Contracts

The main contract is for an undetermined period of time. In addition, promotional and nonpromotional contracts are established:

Promotional contracts include: a) work for a specific period of time as a means of promoting employment. The employer is exempt from payment of 50 percent of the employer's contributions to the INPS [National Institute of Social Security], Retirement Institute, family subsidy funds, Fonavi [National Housing Fund], and the National Employment Fund; b) for workers from the public sector, exemption from 100 percent of all social charges, including social projects, borne by the government; c) for the institution of any new activity, the same as in a); d) labor practice—exemption from 100 percent of social charges during the first year and 50 percent thereafter (does not include social projects).

In no case may the total number of workers on a promotional contract exceed 30 percent of the permanent staff and this may only occur when newly hired workers exceed the total average number of personnel for the past 12 months.

Nonpromotional contracts include: temporary and provisional.

Provisional service businesses: Employees hired by such businesses are workers in a dependent relationship with them. Any employer who contracts for such services will be responsible for all labor obligations and must withhold from payment made to the provisional service business any dues and contributions and deposit them.

Procedure in Case of Business Crises

This procedure will be applied when layoffs or dismissals affect over 15 percent of the workers in companies with fewer than 400 persons, over 10 percent in establishments with between 400 and 1,000, and over 5 percent in enterprises with over 1,000. The employee or union must file with the Ministry of Labor, which will hold a hearing within five days. If no agreement is reached, there will be a 10-day negotiating period, during which the employee may not execute dismissals and/or layoffs and workers may not take collective measures. At the conclusion of that period, the procedure is deemed completed.

Unemployment Insurance

Such insurance applies to all workers with the exception of those in construction, domestic services, and public employees affected by administrative rationalization.

They will receive a monthly allocation of no less than 60 percent of the highest pay they received for the six

months preceding the cessation of employment. It may not be less than the minimum wage or over four times that amount.

It will be collected based on the period of contribution to the employment fund and the following scale: from 12 to 23 months, four months; from 24 to 35 months, eight months; and 36 months, 12 months.

National Employment Fund

This fund will be financed as follows: a) 1.5 points of the current contribution to family subsidy funds; b) 2 percent on wages of of workers in public enterprises; c) 3 percent on wages of provisional service enterprises; d) 1 percent of wages to be paid by the employer; e) 1 percent of wages to be paid by the employee; and f) 10 percent of the revenue from any privatization.

* Businessmen's Criticism

91SM0317B Buenos Aires CLARIN in Spanish 5 May 91 p 5

[Article by Ismael Bermudez]

[Text] The Chamber of Senators has passed the so-called employment law, which will now be sent on to the Chamber of Deputies. The draft bill, written by the Ministry of Labor under the supervision of Jorge Triaca, contained 236 articles. Under heavy criticism from the business and trade union sectors, the final version sent to the senators was reduced to 174 articles. Finally, the Upper Chamber passed a version with 150 articles.

Support and Criticism

The law as passed by the senators came under heavy criticism from the Industrial Union (UIA). Its new head, Israel Mahler, observed that the business organization would promote drastic modifications when it is debated by the deputies. UIA labor adviser Daniel Funes de Rioja told CLARIN that the law passed by the senators distorts the purpose and meaning of labor flexibility. Funes de Rioja maintained that the costly system of social charges is an incentive to "clandestine" labor and that despite that fact, the version passed increases labor taxes. Standardization of unregistered employment will not have the desired effect, he added, and labor disputes will increase.

Funes de Rioja also objected that flexible forms of temporary hiring, "whose advantages we did not debate," present the disadvantage that they must be provided by collective agreements. Concerning the unemployment subsidy, he wondered why it should be added on top of compensation for dismissal. Nor is it known what actuarial basis will be used to calculate dues and contributions to the National Employment Fund.

Ministry of labor officials maintain that the bill neither regulates nor deregulates, although its purpose is to standardize illegal situations such as underground employment, design new hiring options, and systematize social benefits such as unemployment insurance. It is not a law of flexibility, but of employment, for which reason it does not consider work accidents or other labor problems, the Ministry of Labor emphasizes, although it does establish new types of contracts in order to adapt to workers the new circumstances of crisis, the requirement of increased competitiveness of enterprises in order to respond to the demands of the international market, and the development of growth and productivity.

Unions belonging to the San Martin CGT [General Confederation of Labor] generally support the measure, while those belonging to Azopardo say it is an attempt to eradicate "underground" work and emphasize that collective agreements should discuss application of the new legal norm.

Brazil

Union Leader Shot Dead in Rio de Janeiro

PY0306161691 Madrid EFE in English 1541 GMT 3 Jun 91

[Text] Rio de Janeiro, June 3 (EFE)—Gunmen have shot dead the president of a rural workers trade union in a district of Rio de Janeiro, police said Monday [3 June].

Union leader Joao Felix de Aquino was assassinated on Saturday by a group of attackers whom police say they believe to be linked either to drug traffickers or landowners.

De Aquino, regional director of the Agricultural Workers Union, was involved in disputes over illegal land occupations and had recently spoken out against drug trafficking in the Rio de Janeiro District of Nova Iguacu, where the shooting took place.

He is the second person involved in the land disputes to be killed in Nova Iguacu. Last year, a Roman Catholic nun, Sister Filomena Lopez, who like De Aquino was a firm defender of landless farm workers, was shot and killed.

Father Luis Thomas de Nova Iguazu Commission of Peace and Justice made a call at De Aquino's funeral for an end to the impunity which he said protects mercenary death squads which operate in the community.

Rezek Says Collor, Gorbachev To Meet in Sweden

PY0506134291 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 5 Jun 91

[Text] President Fernando Collor will meet with Soviet President Mikhail Gorbachev tomorrow, Thursday, 6 June, in Stockholm. Foreign Minister Francisco Rezek said that the meeting had no set agenda, and the topics of conversation will be as broad as possible.

[Begin Rezek recording] The thing is that in a meeting like this, interest is not focused just on bilateral relations between Brazil and the Soviet Union. When a leader of Gorbachev's stature meets with one of the great leaders of the developing world, the scenario justifies much

broader conversations than a bilateral agenda, taking a look ahead to the way international society is moving toward the end of a century and what course developments should take. (?I am convinced) that things will go well. [end recording]

President Collor will invite Mikhail Gorbachev to attend the World Environment Conference to be held in Rio de Janeiro, Brazil, in June 1992.

The information was provided by presidential spokesman Claudio Humberto Rosa e Silva.

* Iran Offers Credit Line to Businessmen

91SM0032C Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 May 91 p 5

[Text] Brasilia—Yesterday, Iranian Minister of Commerce Abdol Hosein Vahaji made a credit line in the amount of $750 million (207 billion cruzados) available to Brazilian businessmen interested in exporting to his country. The Iranian government deemed it necessary to take this step to overcome the difficulties encountered in financing exports to Iran, where the rules in effect provide for a period of one year for the payment of letters of credit.

Minister Abdol Hosein Vahaji made this announcement to Brazilian Minister of Infrastructure Joao Santana during his meeting with an Iranian delegation made up of 21 company directors. Former minister Ozires Silva was also present. The Iranian minister had a full schedule in Brasilia yesterday. He called upon President Fernando Collor, Minister of Economy Marcilio Marques Moreira, and Minister of Foreign Affairs Francisco Rezek, as well as Minister Santana.

During all of these meetings, the Iranian minister expressed his satisfaction with the growth seen in bilateral trade between the two countries, which may reach $1.5 billion this year. The minister said that Iran is ready to increase sales of oil to Brazil, which is at the level of 120,000 barrels per day at present.

* Goldemberg Views Collor Trip, Market Reserve

91SM0332A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 May 91 p 4

[Interview with Secretary of Science and Technology Jose Goldemberg by Gecy Belmonte and Ribamar Oliveira; place and date not given]

[Text] Brasilia—The extension of the market reserve policy on the data-processing industry and the postponement by the Congress of recognition of patents in the pharmaceutical and chemical sectors may create serious obstacles to the return of foreign investments to Brazil, Secretary of Science and Technology Jose Goldemberg warned yesterday. "The idea that Brazil is so attractive, on its own merits, that businesses will be desperate to come here is not correct," he said. He went on to add that "a campaign to lure investors must be waged." What is at stake at the moment, in Goldemberg's opinion, is the planned modernization of the Brazilian economy. He believes that the country must offer a minimum range of guarantees to businessmen if they are to bring their investments here. The difficulties being created by the Congress in its analysis of the data processing and patent issues may, according to Goldemberg, "blight the visit President Fernando Collor is to make to the United States in June." Collor claims that his trip will be an important milestone in the rapprochement between Brazil and the United States. In an interview granted to O ESTADO, Secretary Goldemberg harshly criticized the politicians involved in the extension of the market-reserve provision and the placing of obstacles in the path of the advance of the draft law recognizing patent rights. "The political picture which is developing within Brazil at the present time clearly represents a return to the past," he said. In his opinion, "it seems that a deliberate effort is being made to embarrass the president."

[O ESTADO] President Fernando Collor says that his trip to the United States in June is important in terms of Brazil's rapprochement with that country. In preparation for the talks, the Brazilian government sent to the Congress draft laws eliminating the market reserve policy for the data-processing industry and recognizing patents in the pharmaceutical and chemical sectors. Last week, the Science and Technology Commission of the Chamber approved a proposal extending the market reserve policy for the data-processing industry until 1994. Won't this decision create embarrassment for the president?

[Goldemberg] The president's trip offers a unique opportunity, because in the American tradition, a foreign head of state is only received with full official ceremony once during his term of office. It is obvious that President Collor could make other trips to the United States, but not with the pomp and circumstance and the access he will have on this visit, during which broad opportunities for dialogue with the innumerable officials in the United States administration, including President Bush, are scheduled. The expectation within the government is that President Collor's trip will serve to reverse the process of decline seen in American investments in Brazil. The truth is that what is at stake with this visit is the program for the modernization of the Brazilian economy itself. The government believes that the modernization of industry will come about beginning with the country's integration in the world economy, a process for which trade exchange and technology are needed. If Brazil wants to compete in sales to Europe or to the United States itself, it must place on those markets products which are equal in quality to the products consumed by the citizens of those countries. In other words, Brazil is not going to compete with obsolete technology. The era of "autarchy" is in the past. This is a vision which is very clear within the government. And the concept of building an autonomous empire here, the idea of "Albanianizing" the country," is not a part of this government's vision. Since after the passage of a year and two months, we have not succeeded completely in

resolving the problem of inflation, we have not seen a reversal in the trend of foreign investments in the country. Such investments were responsible for the period of growth Brazil experienced. Juscelino Kubitschek ensured the growth of this country 30 years ago by bringing in Volkswagen and other multinational companies. The political picture which is developing here at the present time clearly represents a return to the past. Had the vision of certain deputies who wanted to extend the market reserve period for data processing, and thus to limit us further in this sector, prevailed in the 1950s, Kubitschek would probably not have brought in Volkswagen, which in the end launched the process of modernization we had in that era. Nor would we have had the Sao Paulo ABC [Santo Andre, Sao Bernardo do Campo, and Sao Caetano do Sul industrial areas] either, nor, probably, the CUT [United Federation of Workers] or the CGT [General Federation of Workers].

[O ESTADO] When he travels to the United States, President Collor may find himself in a difficult situation. Although his statements have pointed in the direction of liberalization and a more open trade policy, the Congress may demonstrate that he lacks domestic support.

[Goldemberg] But I have seen great progress already. The initial accusation made against the president was that his statements were not being followed up, even in the various government sectors. The representatives of the American government and the other powers plainly recognize that this is not true. The government has made clear moves in connection with modernization. Now the Congress is resisting. What we have seen to date has been the decision of a commission which is a little unusual in terms of its composition, in which it mixed issues pertaining to the scientific and technological policy, matters which are of keen interest to the Brazilian university community. There is a certain path to be followed, and I believe that the government will yet get this modernizing legislation approved.

[O ESTADO] Do you mean that the end of the market reserve policy for the data-processing industry and the recognition of patents on medicines are two major points in this exchange of technology with the United States and the resumption of foreign investments?

[Goldemberg] I want to explain that this is not being placed on the table as a "this for that" proposition. This would be oversimplification. The fact is that not even the American government has the ability to persuade American businesses to invest in Brazil if they do not feel confidence. Where the patents are concerned, the issue is clear. There are three countries which do not recognize patents in the pharmaceutical and chemical sectors. They are Turkey, Indonesia, and Brazil. All others do. The idea that we can have a country as large as Brazil, and with a vast domestic market, wherein piracy is unrestrained—this is a concept which will clearly frighten foreign investors. There is no surrender of national sovereignty. On the contrary. Our domestic industry in the pharmaceutical sector has been protected for 40 years, and what it has managed to do to date is to win 15 to 20 percent of the market, with full freedom to engage in all the piracy it wants. If it has failed to prosper to a greater extent, this has been because of a lack of business capacity and initiative. In the data-processing sector, obsolescence occurs more rapidly. The problem of attracting investments to Brazil has to do with the fact that the country constitutes a large consumer market, but it must offer a minimum range of guarantees if it is to encourage foreign businessmen to bring their investments here. These businesses, and not just those in America, are being offered innumerable opportunities in other places. They can invest in Eastern Europe, in Mexico, in Argentina, and even in the United States itself. The idea that Brazil is so attractive, on its own merits, that businesses will desperate to come here is not correct. A campaign to lure investors must be waged. Only this was not clearly understood a few months ago. The prevailing notion was that with the economic reform, Brazil would already be sufficiently attractive. That is not true. Brazil is still not as attractive as Mexico, Argentina, and other countries. The idea we are pursuing is that, with his trip to the United States, President Collor will have an opportunity to gain access to the media, and can succeed in reversing this process. And clearly, these congressional obstacles will serve to blight the president's visit.

[O ESTADO] What strategy will the government pursue in order to change this picture in the Congress, both to prevent the extension of the market reserve policy for the data-processing industry and to obtain approval for the proposed recognition of patents?

[Goldemberg] The arguments which the deputies have used are that the government was confused, that it failed to deal with matters in the proper order, that the leadership is inattentive—this sort of thing. These reasons are entirely secondary. Whatever may happen, the deputies—and there are an appreciable number of them—who want to maintain the existing barriers would present amendments of this sort, regardless of the order in which the proposals were sent to the Congress. On the patent issue, the argument used was procrastination. They said that what was sent to the Congress was a code, and that as such, it could not be given priority handling. That is not true. What was sent to the Congress was a law. It was drafted with extraordinary care, so that the proposal submitted would be in the form of a draft law.

[O ESTADO] How will the patent proposal be processed?

[Goldemberg] According to what I have been told, a political agreement was reached to process it as an ordinary law, and thus not on an priority basis. But since the Constitution and Justice Commission of the Chamber did not term the proposal a code, it will be processed speedily. But not speedily enough to be approved before President Collor's trip to the United States. The step taken by the Congress does not change the content of things very much, but it has served to reduce the president's credibility. At the present time,

this step is not helping the Brazilian cause. It seems that there is a deliberate effort being made to embarrass the president. On the data-processing issue, I believe that the Chamber will vote in a reasonable way in plenary session, and will eliminate these archaic provisions.

[O ESTADO] Is there any concrete possibility that the U.S. government will retaliate against Brazilian products if the country does not move toward this more open approach in the trade area?

[Goldemberg] There is. With regard to the patent law, we are running a serious risk of being placed on the list of countries against which the Department of Commerce may apply retaliatory measures—the Super 301. We are running the risk that the American government may again, because of this matter, place a surtax on Brazilian products. The cost could be hundreds of millions of dollars, as was the case with the surtax on orange juice. We have thus far avoided this. April is the month in which these things happen, and Ambassador Carla Hills (the White House trade representative), believing that the Brazilian government is convinced that the patents must be recognized, and that it has sent the Congress legislation she regards as satisfactory, has not included our country on Super 301. But this could change. Apart from the considerations of an ideological nature to which failure to recognize the patents might give rise, there are practical consequences. I have read articles by academics and parliamentarians in which "Albanian" language is used in dealing with these matters. They say that the imperialists are trying to dominate the country. Innumerable opportunities are currently available to major capital interests. The impression I get from these articles, if you will permit me a certain vulgar comparison, is that Brazil is behaving as if it thought it was the only beautiful woman in the world. With international economic integration, the world today is full of beautiful women. The idea that the major American interests are anxious to return to Brazil is completely incorrect. The proof of this is that there are foreign businesses which are established in Brazil but are closing their factories and leaving.

Colombia

Update on Government-Guerrilla Peace Talks

PA0506205791 Bogota Radio Cadena Nacional in Spanish 1210 GMT 5 Jun 91

[Text] Caracas—Peace talks between the government of President Cesar Gaviria Trujillo and the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] continue for the third consecutive day. Both sides will be seeking to eliminate the first operational obstacles that emerged yesterday.

Even though the government and guerrilla commissioners have appointed the official spokesmen for the peace talks, they could not agree on the permanence of the Venezuelan and Colombian observers at the negotiation table.

Several delegates from the Constituent Assembly, the Chamber of Representatives, and the Patriotic Union traveled to Caracas where they expect to have the right to participate in the talks between the government and the guerrillas.

In addition, Constituent Assembly member Antonio Navarro Wolff, from the 19 April Democratic Alliance, arrived unexpectedly in Caracas yesterday; he met with the CNGSB representative, Ivan Marquez. In the next few hours he will meet with the other CNGSB delegates. The co-president of the Constituent Assembly also visited the Miraflores Palace, where he met with Venezuelan President Carlos Andres Perez and learned about the progress in the peace talks.

Radio Cadena Nacional has learned that Antonio Navarro Wolff is in Caracas seeking support from the CNGSB for his proposal to dissolve the current congress and convene new elections.

In addition it has been learned that the government and the CNGSB reached an agreement regarding the mechanisms to conduct the negotiations. Both sides have decided to allow the participation of delegates from the Constituent Assembly and the congress in the peace talks, while Andres Paris and Jesus Antonio Bejarano will be the ones in charge of providing information to the media on the progress made in the negotiations.

Both the government and the rebel organization also agreed to hold the discussions behind closed doors and no outsiders will have access to the room where the talks are taking place.

The first talks have been surrounded by intense debates during which both sides discussed different topics ranging from the internal regulations of the summit to a unilateral cease-fire.

Observers Selected for Talks

PA0606023991 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 5 May 91

[Text] M-19 [19 April Movement] leader Antonio Navarro Wolff unexpectedly traveled to Caracas yesterday. Navarro, who is also one of the Constituent Assembly presidents, is currently presenting a formula to unravel the talks with spokesmen of the Simon Bolivar National Guerrilla Coordinating Board [CNGSB]. The proposal is apparently endorsed by President Cesar Gaviria and it includes the participation of Tirofijo [alias Manuel Maruland Velez of the Revolutionary Armed Forces of Colombia, FARC] in a Constituent Assembly meeting and Father [Manuel] Perez [leader of the Army of National Liberation, ELN] in the Caracas dialogue.

Following is a report by Carlos Mario Diaz from Caracas:

[Begin Diaz recording] The essential issue of peace has yet to be discussed. The topic that has been discussed, 48 hours after the meeting started, is the participation of observers in the government-guerrilla dialogue. Upon

mutual agreement by the two parties, the final observers were accepted today. They are Hernan Motta and Oscar Duenas, of the Patriotic Union [UP], and Nelson Berrios of the To Fight [AL] leftist movement. They—along with six Constituent Assembly representatives and seven congressmen—will be able to participate in the dialogue, but they will have no decision-making authority. Both the government and the guerrilla representatives have concluded the issue of the guests, and they will begin the dialogue with the opening statements by Government Minister Humberto De la Calle and FARC leader Alfonso Cano.

Attacks on the oil pipelines have continued despite the meeting. A portion of the Cano Limon-Covenas oil pipeline was blown up yesterday and eight policemen were kidnapped in Puerto Rico, Meta Department, after the subversives seized the town. The guerrilla groups have stated that they will continue their actions. Peace adviser Jesus Antonio Bejarano said that the guerrillas cannot participate in the dialogue while intensifying their subversive activity.

Furthermore, the government's representatives in Caracas have yet to officially confirm the presence of Antonio Navarro Wolff, one of the Constituent Assembly presidents, in the dialogue. It is known that Navarro returned to Colombia after meeting with Venezuelan President Carlos Andres Perez. There are no details about the meeting. A last minute report says that procedural obstacles have been overcome. Both the government and guerrilla representatives have achieved positive progress in the dialogue. [end recording]

M-19 Owned Newscast Premieres 1 Jun

PA0406191791

[Editorial Report] Bogota Inravision Television Cadena 1 in Spanish closed its "Siete Dias en el Mundo" weekend and holiday newscast at 1825 GMT on Sunday 26 May with a farewell message from outgoing newscast director Jorge Guzman Moreno. In the message Guzman says that a change in the stockholders of Globo Television, the company that produces the newscast, has wrought "directorate-level changes in the newscast and in the company itself." Guzman mentions that after almost three years "Siete Dias en el Mundo" has achieved "the highest ratings of the 10 Colombian weekday and weekend newscasts"; thanks announcers, reporters, and technicians for a job well done; and bids the viewers goodbye.

The following cast, at 1800 GMT on Saturday 1 June, was the first one under the new administration: The new director of the newscast, Juan Guillermo Rios Rendon, co-anchored this premiere newscast with Marcia Martinez-Guerra, who retained her former co-anchor position. Ms. Martinez-Guerra opened the newscast with the following announcement, which was simultaneously shown on the screen: "Under the new administration, this newscast will be a source of serious and honest reporting and will be committed only to peace and the community via the truth. It will always support any initiative that will enhance coexistence among Colombians, and will impartially grant space to all the trains of thought in the nation. It will not allow room for failure, and instead will seek success with optimism and a sense of reality. With these goals in mind, we—on behalf of our work team—extend a cordial welcome to our viewers and assure them that we will uphold the commitments espoused herein."

The name, sponsors, format, and content of the newscast—local and international news and sports reports—have not changed, and Carlos Julio Guzman continues in his role as sports announcer. No announcement or other indication of links to the 19 April Movement, the new owners of Globo Television, was observed in the 1, 2, and 3 June newscasts.

* Congress Opposes Constituent Assembly Decisions

91SM0319C Bogota EL ESPECTADOR in Spanish 9 May 91 p 5A

[Article by Carlos Murcia]

[Text] The parliamentary rebellion against the Constituent Assembly's decisions, primarily against the possibility that the congressional mandate might be revoked, continues to gain strength. The traditional parties, though separated by their diverse political views, have joined together to deliver a united response to the situation, and have agreed to defend the sacrosanct nature of the term of office of those elected in 1990.

The leaders of the Senate and the Chamber will meet today in the Hotel Dann in Barranquilla in a summit of the liberal and conservative senators and representatives. During the meeting a statement will be approved and a strategy studied for political and legal actions to be taken in response to the possibility of a revocation of Congress's mandate. The meeting was organized by Pedro Martin Leyes, Jose Name Teran, Roberto Gerlein, Abel Carbonel, and other senators from the Atlantic region. About 70 members of parliament will attend, including members representing the seven coastal departments as well as many guests from other parts of Colombia. Aurelio Iragorri Hormaza, Carlos Martinez Simahan and Felix Salcedo, from the Senate leadership group, have announced that they will go to Barranquilla to take part in this political meeting.

The Interparliamentary Board has convened special sessions for all the standing committees of the Senate and the Chamber. They will approve a bill to convene a plenary congressional session on the same day at 1500, a legal maneuver which had not been used in Colombia before because the meeting will have a purely formal nature. This action on the part of Congress has been interpreted as a strong response to violations of Decree 1926.

Ouster of Minister of Government Sought

A group of liberal members of Congress, most of whom belong to the Interparliamentary Board, has also met to discuss the political situation; among other points, they agreed to ask President Gaviria to remove the minister of government, Humberto De la Calle Lombana, as they feel he is playing a two-faced game between Congress and the Constituent Assembly.

They criticize the fact that after he gave a very specific speech reasserting that Decree 1926 is in effect, he met with members of the Constituent Assembly and endorsed an agreement which was accompanied by the approval of the first act to take effect immediately, by which the regulation was made constitutional and the ground rules for jurisdictional control were changed.

Heading Towards a Coup

Senator Carlos Holguin Sardi said that the members of Congress are prepared to defend their mandate even at the cost of their lives. He warned that the Constituent Assembly has taken a course heading towards a coup, which could affect not just Congress, the Supreme Court, and the Council of State, but President Gaviria himself, who has already begun to issue some highly categoric pronouncements. No president who has convened a Constituent Assembly has ever completed his term of office," said this leader.

A Working Breakfast Meeting

In a working breakfast meeting arranged by former Senator Alfonso Angarita Barracaldo in the Hotel Tequendama, attended by the governors of Cundinamarca, Antioquia, Valle and Caldas, delegates to the National Constituent Assembly, senators, representatives, councilmembers and deputies, it was decided to recommend that the Constituent Assembly keep the monopoly on the production of liquor in the hands of the departments. The four governors said that over 50 percent of their budgets comes from revenues generated by this monopoly. It was further recommended that the Constituent Assembly retain Bogota as the capital of Cundinamarca and confirm an independent voting district, maintaining the taxation system now existing between these two territorial entities.

Three Political Phenomena

The president of Patriotic Union, Carlos Romero, has returned from the United States, where he spoke at universities and international forums on the dirty war and the Latin American situation.

Romero has resumed his political activities and yesterday evening he spoke to a crowded meeting of popular leaders in Barranquilla, where he said there are three political phenomena going on in Colombia, which are both concurrent and contradictory. The first is the very functioning of the Constituent Assembly, which he considers a positive political event. The second is the dirty war, and the third, clashes with the guerrilla movement. He emphasized that these three phenomena need to be resolved together, for any provision of a progressive nature approved in the Constituent Assembly would remain a dead letter if the dirty war is not resolved and a negotiated peace worked out.

Conference on Bogota

In order to analyze issues related to the future of Bogota, which is now being debated in the Constituent Assembly, a meeting of the New Colombia Foundation of professionals, led by the senator and councilmember from Bogota, Telesforo Pedraza Ortega, will be held this evening at 2000. Former Minister Jaime Castro will speak in the Colombo-Lebanese Club. Guests will include Constituent Assembly members Carlos Rodado Noriega, Carlos Holmes Trujillo, Juan Gomez Martinez, and Alvaro Echeverri.

* New Constitution To Remain in Effect 8 Years

91SM0319E Bogota EL ESPECTADOR in Spanish 9 May 91 p 3B

[Text] The National Constitution which the Constituent Assembly is drafting could not be changed for eight years, if the proposal introduced yesterday in the first commission by the subcommittee writing the constitution is approved.

According to delegate Jaime Arias, who presented the initiative along with Juan Carlos Esguerra and Dario Mejia, the idea is to ensure the "life" of the new constitution for a time long enough to determine whether its changes are positive.

The Constituent Assembly member said this bill seeks to give the nation legal security by providing a sufficient time period for the new institutions created by this reform to be put into operation, and fundamentally, by creating space so that Colombia will have an opportunity to find out whether the reform as a whole meets its needs or not, so that it may then be changed.

The proposal, he explained, contains mechanisms for participatory democracy, establishing three methods for reforming the constitution: by the people, through a plebiscite or referendum; by Congress, through legislative action; and an additional mechanism which, through a plebiscite or referendum and after a vote, the people may directly convene a Constituent Assembly.

Constituent Assembly member Aida Abella from Patriotic Union expressed her complete disagreement with the proposal, saying that "such a barrier cannot be put into a reform, as we are in a difficult situation."

She said that even though they hope the new constitution will be so well made that it will require no further reforms, it is not appropriate to decide when it can be reformed.

*** Constituent Assembly Independence Formalized**

91SM0321A Bogota EL ESPECTADOR in Spanish 10 May 91 p 11A

[Article by Orlando Henriquez]

[Text] Yesterday evening, the Assembly formalized its independence from the rest of the organs of government by promulgating the first constituent charter effective immediately, one that will elevate its internal bylaws to constitutional status and free the collegial body from the jurisdictional control of the highest courts of justice.

Passage of the historic document, equivalent to the issuance of the first page of the coming political constitution, opens the door to political agreements on issues deemed fundamental to reform and requiring a consensus of all forces making up the body.

By voting affirmatively on the constituent charter, a number of liberal delegates thereby confirmed that they did not share the view that the Constituent Assembly should be omnipotent, but nevertheless expressed their support for the work of the body so that its decisions may be implemented as soon as they are made.

They reiterated that the Assembly's powers are limited and that exceeding them means, in addition to thwarting the mandate conferred, exposing its decisions to the very control it seeks to avoid.

Social Conservative delegates also explained their affirmative vote, stating that "we view the constituent charter as one of the elements comprising a consensus on various issues and making it possible to overcome obstacles that have impeded the body's performance of its tasks."

Voting

As anticipated, the plenary session was held for the exclusive purpose of passing and promulgating the three articles comprising the first constituent charter, which was approved part by part. Following the reading of the first provision which states, "The provisions contained in the Assembly's bylaws, as well as their modifications and additions, will be constitutional in nature," the vote was taken and the results were 59 for, five against, and four abstentions.

When the second provision stating that "legislation passed and promulgated by the Constituent Assembly is not subject to any jurisdictional control whatsoever" was put before the delegates, the voting went as follows: 61 for, six against, and five abstentions.

"The third article stating that this constituent document will go into effect on the date of its publication" was passed by 61 delegates with five opposed and four abstentions. When the body passed the document, as provided by the bylaws, there were 56 votes for, five against, and again four abstentions.

Another significant fact has to do with delegates Alberto Zalamea and Juan Carlos Esguerra, who left when it came time to vote on the majority decisions of their group, the Movement of National Salvation. Esguerra issued a statement explaining that he would not vote for Article 2 of the charter "because I believe it is not in keeping with a state of law."

When Alvaro Gomez was asked the potential implications if two National Salvation delegates should vote against certain provisions of the document, the Assembly co-president responded that "it is not a question of discipline here, but of elements of conviction."

For his part, Antonio Navarro emphasized that "the decision just made by the Assembly is an attempt to safeguard its decisions so that they may not later be destroyed."

In addition, in the course of the plenary session, delegate Hernando Londono entered into the record a statement that this daily has not published two letters in which he corrected information drafted by a legal writer distorting the spirit of certain deliberations of the Fourth Committee.

Third Committee

The plenary session was called for 0900 hours Thursday, when full debate will begin on reports submitted to the five standing committees. Packages of issues rather than individual articles on every subject under study may be put before the plenary sessions.

The Third Committee will vote today on the controversial issue of the makeup of the National Congress. Based on the position taken yesterday evening by every delegate making up the committee, it is perceivable that the unicameral system will triumph over its rival, the bicameral system. The opposite will occur in the plenary session.

Backers of the first form or single chamber are: Alvaro Echeverry, Luis Guillermo Nieto, Rosemberg Pabon, Fabio Villa, Abel Rodriguez, Alfredo Vazquez, Arturo Mejia, and Antonio Navarro, who said the issue of dissolution of Congress will come up before the plenary session, the purpose of which will be to save that body.

The bicameral solution will reportedly be backed by Alfonso Palacio, Hernando Herrera, Carlos Lleras, Guillermo Plazas, Antonio Galan, and Hernando Yepes, while Miguel Santamaria will reportedly abstain.

*** Assembly Committee Approves Unicameral Congress**

91SM0321B Bogota EL ESPECTADOR in Spanish 11 May 91 p 7A

[Text] The unicameral system took a step forward yesterday in the Third Committee, while Minister of Government Humberto De la Calle Lombana backed the measure restoring Congress's power to debate public spending.

When the aforementioned constituent committee discussed reports on the makeup of the Legislative Branch presented by delegates Alvaro Echeverry and Rosemberg

Pabon, who defended the single chamber, and Hernando Yepes, Alfonso Palacio, and Antonio Galan, who backed bicameralism, the former proposal prevailed.

The committee resolved that its official proposal to the plenary session would be the single chamber and, as an appendix, that of a Senate and House of Representatives.

The article accepted indicates that Congress would be comprised of a single chamber. As by this newspaper yesterday, delegates Antonio Navarro, Resemberg Pabon, Alvaro Echeverry, Abel Rodriguez, Fabio Villa, Luis Guillermo Nieto, and Alfredo Vazquez supported the unicameral system.

Bicameral System Supported

Delegates Carlos Lleras, Hernando Herrera, Alfonso Palacio, Antonio Yepes, Guillermo Plazas, and Antonio Galan supported the bicameral system. Delegate Miguel Santamaria abstained from voting.

Constituent Assembly member Arturo Mejia presented, along with the previous measures, a report on the makeup of the Legislative Branch by a senate and citizens' parliament. This proposal won only the vote of its author.

Delegate Guillermo Plazas presented for the consideration of the body an article proposing that former presidents of the republic elected by popular vote have a voice in the Senate, although they would not receive remuneration as members of Congress or be subjected to the system of incompetence and incompatibility of such members.

Spending Initiative

One of the issues that attracted the attention of delegates who met with Minister De la Calle Lombana was that of public spending.

That high official agreed to restore the congressional spending power, not to be confused with the capacity to modify items proposed by the government in the draft budget.

As one of the authors of the report indicated, in political theory, when a restriction is set forth and elaborated on the parliamentary spending power, reference is always made to the budget, which is a conditional document, rather than to the law that creates legal situations of a general nature.

Based on the foregoing, the work group began to move toward the proposal that there is no plausible reason to maintain the restriction.

Congressional members have maintained on several occasions that they "would sacrifice" parliamentary assistance provided that the government restores their power to debate public spending. Specifically, on Thursday, National Salvation, through delegate Luis Guillermo Nieto, would present the second constituent charter in which conditions would be set for congressional assistance, to go into effect immediately.

Of the 30 billion pesos due them this year as assistance to congressional members, the constituent document would provide that only 1.4 billion would be appropriated, which would be channeled to nationally known foundations fulfilling some social function.

In addition, the Constituent Assembly's standing committees continued their work apace yesterday in order to complete work on all proposals they are to consider before the 15th of this month.

Most of the committees will continue their work today and Monday so as to take an entire package of initiatives to the plenary session.

In the initial contacts made by certain members of the committee that will issue the political agreement one can glimpse the possibility that the congressional spokesman who will dialogue with the Constituent Assembly may be Senator Carlos Holguin Sardi. If a pact should be made with the Legislative Branch, the senator is reportedly to speak before the Assembly plenary session.

The committee in question will meet at 0800 hours today to define the issues on which there would have to be a consensus in order to pass a series of articles of far-reaching importance.

* Initiative To Deal With Debt, Investment

91SM0319D Bogota EL ESPECTADOR in Spanish 9 May 91 p 7A

[Text] Colombia is preparing to begin renegotiating its foreign debt, based on the terms of the Initiative for the Americas, proposed last year by U.S. President George Bush.

This announcement was made yesterday evening by the Minister of Economic Development, Ernesto Samper Pizano, who addressed a seminar sponsored by the Chamber of Commerce of Bogota and Javeriana University on possible benefits of this U.S. proposal.

For Latin America's foreign debt, the initiative proposes possible reductions in bilateral debt within the hemisphere, linked to a decrease in what is called the "ecological debt," and easing of the financing burden which impedes the current potential for growth in the region.

According to the minister: "For the first time, the initiative combines three inseparable elements of international cooperation: trade, debt, and investment."

The Bush plan proposes three possible approaches for trade: tariff reductions, the ultimate creation of a free trade zone, and signing bilateral working agreements to identify mutual interests on this issue.

For investment, the project proposes working through the Inter-American Development Bank to promote foreign investment and the reduction of impediments

which now restrict access to foreign capital into the area. The formation of a fund of $300 million has been proposed, to serve as seed capital for financing actions the Bank will undertake in this direction.

Flight of Foreign Investment

At the same meeting, Colombian businessmen yesterday urged the government to devise new foreign investment regulations quickly, for Colombia's current political system is driving foreign capital away.

Mexico, Chile and Venezuela "have moved ahead of us" and are attracting resources which, in other circumstances, would have gone into Colombia's economy.

The private sector has expressed its optimism concerning the possibilities opened up to Colombia by the Bush Initiative for the Americas, especially as they relate to a reduction in the foreign debt, investments for development and multilateral trade.

This position was announced in a statement read by Mario Suarez Melo, president of the Chamber of Commerce of Bogota, at the opening of the forum on the U.S. Initiative.

Sponsored by the Ministry of Development, the U.S. Embassy, Javeriana University and the Chamber of Commerce of Bogota, the conference will examine the scope of the program and the obstacles which it faces in Congress. Today Bush's chief adviser for Latin America, Peter Field, is to speak.

Strategies for attracting foreign investment, say the organizers, will be a central issue, at a time when a new danger, populism, is seriously threatening such possibilities in Colombia.

"That risk hangs over Colombia, with the growing concessions to amnestied groups which now, in the guise of democratic alliances, are seeking to gain power," said Suarez Melo.

He added: "We have been confusing the principle of not persecuting anyone for his ideas, which is healthy and essential in a democracy, with the glorification of people who, after taking up arms, lay them down and then demand special favors and assurances of immunity from punishment."

* Creation of Constitutional Court Questioned

91SM0319B Bogota EL ESPECTADOR in Spanish 8 May 91 p 10A

[Article by Sandra Sanchez W.]

[Text] The Supreme Court of Colombia and judicial officials have questioned the creation of a Constitutional Court by the Constituent Assembly. They warn that with such an institution, "we will find ourselves on the verge of eliminating control of the constitutionality of our laws."

The president of the Supreme Court, Pablo J. Caceres Corrales, said that "with this terrible attempt to create a Constitutional Court, we will lose the independence we have maintained until now in terms of the right of exequatur, and reach a point where our judicial proceedings will have a highly political content."

In setting up the National Society, Constituent and Justice Forum, the magistrates have ensured "the approval of a third Chamber which will support, legitimate or explain the decisions of the current government administration; this will replace the impartial rulings of the present Court, a system with proven advantages."

"Those who are promoting the Constitutional Court want the magistrates to represent current political views, so that their rulings will reflect the winning programs and proposals of the latest elections," said Caceres Corrales.

The head of the high court called the ongoing defense which some Constituent Assembly members have undertaken of the Constitutional Court "obstinacy," and said that every time one of their arguments in favor of their creation is beaten down as inadequate, it is replaced by other opinions equally remote from the nation's situation.

He also criticized the composition of the new judicial body, saying it would consist of specialists in constitutional law who are unfamiliar with civil, labor or criminal law, and therefore are out of touch with Colombia's social situation.

The president of the Supreme Court emphasized the need to streamline legislative functions and the plan to slow down emergency legislation which has been on the rise in recent years.

"States of emergency expand the powers of legislative bodies and make it difficult to consolidate doctrines to control the lrgal system," he said.

Privatization of Justice

The president of Asonal Judicial [Judicial Assonance], Antonio Suarez Nino, said: "We are moving toward privatizing the administration of justice, institutionalizing a system of justice for the elite," in speaking of the reforms proposed by President Cesar Gaviria's administration.

He regretted that such measures are being put forth by Minister Giraldo Angel "who was a member of the Supreme Court."

Suarez Nino said that legal procedures like the Defense of Justice Statute amount to "a gradual corruption of the Judiciary and the establishment in Colombia of mechanisms inspired by human rights violations."

He also criticized the creation of institutions like the general prosecution department and the Supreme Council of the Judiciary.

*** Energy Sector Enterprises To Be Privatized**

91SM0319A Bogota EL ESPECTADOR in Spanish 8 May 91 p 9A

[Article by Alberto Martinez M.]

[Text] Major investments in the mining sector are to be made by private capital.

In defining its spending priorities for the current four-year period, the state said it can not handle these projects; consequently, it is drafting a special statute to facilitate the use of private resources.

As the state realizes that local resources are limited, not only is it promoting mining operations with multinational companies, but it is also revising foreign investment regulations, offering greater incentives in terms of royalties, legal procedures, and taxes.

The mining world which will be opened up to private business ranges from building ports for exports to large-scale production in areas like the Guania mines.

This decision was studied by the National Energy Commission, and has been approved by the ministries of mines and finance.

The authorities have decided that "because of budget restrictions, participation by the state and its agencies in the mining industry will be minimized or limited."

"These developments will have to be taken over by the private sector, either by the present licensees or by others who may be designated to handle these activities," says a document now circulating within the administration.

It further states that "the use of private capital will be encouraged in order to save public resources."

The state will not again join in association contracts with companies to produce and sell mineral products. The projects will be turned over to private companies operating under licensing arrangements.

Petroleum Incentives

A system of tax incentives is being prepared in the petroleum industry solely for inactive areas, so that multinationals will look for crude in places where it has never yet been found.

Ecopetrol [Colombian Petroleum Enterprise] is not planning to alter its exploration plan which was prepared a year ago; it will also turn over some sedimentary areas it had kept for itself because of their low risk.

There is no possibility of gasoline distribution being taken over by the state. Instead, this type of distribution system which had been tested with "Terpeles" will be turned back to the private sector when Ecopetrol sells its shares in these companies in the South, Bucaramanga, Antioquia, and the Atlantic Coast.

The new gasoline pipelines will be built by private companies. The government is considering withdrawing from Colgas [Colombian Gas]; such a move would also privatize propane gas distribution.

An international request for bids is about to be issued for the Guania gold mining project. Investments of close of $800 million are being sought.

The request for bids is based on studies done by Ecopetrol and Ingeominas [Geological-Mining Research Institute] over a 20-month period, which confirmed colluvial deposits throughout 650 km of the Serrania del Naquen mountains, alluvial deposits in the vicinity of Maimachi and the Aque and Pehua Rivers, and gold-bearing metaconglomerates similar to those found in Ghana and Watersrand in Africa.

The same thing will be done with copper and molybdenum deposits, for which reserves on the order of 200 million tons have been detected. Shell, the largest multinational operating in Colombia, is interested in those mines.

No changes are scheduled for precious metals, but since only 10 percent of Colombia's gold and silver production is done by organized companies, the Precious Metals Fund has been charged with integrating small miners into cooperatives to make larger-scale mining operations possible.

Private Coal

The privatization policy is much clearer in coal, with the purpose of obviating the El Cerrejon Norte experience, where a company was set up and investments made which today are still creating great financial disorder.

The only big projects left to be contracted, El Descanso in el Cesar, and San Luis in Santander, with a potential production close to 10 million tons, will be turned over to private investors.

Even the port facilities needed for the government's plan to earn 15 percent on the world coal market will be built by outside operators.

When private companies have difficulty acquiring land, the state will expropriate the land. The usual procedure takes 31 weeks; it will be shortened to only eight weeks, with an early takeover of these properties.

Because the electricity industry is a public service utility, the privatization plan will be partial. Industries may generate their own energy and sell any surpluses to electricity companies. And even though the state will always maintain control of the companies, shares in ISA [Interconexion Electrica S.A.] and other entities will be opened up to private investors.

The government wants its Five-Year Exploration Plan to be financed in the same way. It is calling attention to the eventual great potential of the Andean system and the Precambrian Shield, which is suspected to contain valuable ores such as chrome, cobalt, titanium, lead, zinc, phosphorus, potassium, lignite, iron and tin.

Venezuela

* Employment Figures by Region, Sector Detailed

91SM0313A Caracas VIERNES in Spanish
25 Apr 91 pp 8-11

[Text]

1. National Statistics

a) During the second half of 1990, 7,245,717 people were in the Venezuelan labor force, 90 percent of whom (6,518,427) were actually employed, while the remaining 10 percent (727,245) were unemployed.

b) Between the first and second halves of 1990, the employment rate rose by 0.9 percent, while the unemployment rate declined from 10.9 to 10.0 percent. This reflects a decrease in unemployment of 39,258 people.

c) During this six-month period, the employment rate was 59.1 percent, an increase from the rate for the first half of 1990 (58.2 percent); this means that of each 100 Venezuelan residents over the age of 15, 59 were working in paid jobs.

d) Between the second half of 1989 and the second half of 1990, 345,129 people joined Venezuela's labor force, resulting in a net growth of 279,768 jobs.

e) During this year, the unemployment rate rose from 9.6 percent to 10.0 percent, an increase of 65,361 people unemployed. For the first half of 1990, this rate was 10.9 percent (766,503 unemployed).

2. Statistics Based on Administrative Regions

a) From the second half of 1989 to the second half of 1990, the Venezuelan labor force grew by 345,129 people. Of this increase, 86 percent were hired in the Caracas Metropolitan Area (30.9 percent); the Central Region (25.2 percent); the Center-West Region (17.0 percent); and the Andes Region (12.9 percent). The remaining 14 percent were spread among the Northeastern Region, the Guayana and Zulia regions.

b) The Central, Center-West and Northeastern Regions had the highest unemployment rates: 12.9, 12.1, and 12.1 percent, respectively. The Northeastern and Center-West Regions, like the Andes and Central Regions, have been experiencing sustained increases in their unemployment rates since the second half of 1988.

c) The lowest unemployment rates were in the Zulia Region (7.8 percent), the Caracas Metropolitan Area (7.5 percent), and the Guayana Region (6 percent).

d) The unemployment rate for all administrative regions was down from the first half of 1990, with the exception of the Central and Andes Regions, which had increases of 1 percent and 9 percent, respectively. However, if we compare the rates for the last six months of 1990 with those for the same period of the previous year, these rates increased for all regions, with the exception of the Zulia Region, where there was a decline of 2 percentage points (going from 2.8 percent to 7.8 percent) and Guayana, which remained the same.

3. Statistics Based on Economic Sectors

a) The field with the largest increase in employment was community, social and personal services, up 36.9 percent (112,927 jobs), and the one with the lowest growth rate was hydrocarbons, up only 1.5 percent (4,565 jobs).

b) For this second half of the year, all economic activities had unemployment rates below the national average (10 percent), with the exception of construction, which had an unemployment rate of 22.9 percent (146,643 unemployed); this is 20.2 percent of total unemployment (727,245 people).

c) Even though construction had the highest rate of unemployment during this half of the year, the construction sector did reduce its unemployment rate by 9 percent from the first half of 1990, and 2 percent if it is compared with the second half of 1989.

d) The lowest unemployment rate was in agriculture (5.5 percent), which has held this same position since 1988.

e) Between the first and second halves of 1990, all economic activities experienced declines in their unemployment rates, with the exception of electricity, gas, and water; financial establishments; and services. Their unemployment rates rose by 39, 1 and 2 percent, respectively.

4. Statistics Based on Employment Categories

a) The category with the lowest unemployment rate for this half of the year, as in the preceding half, was managers, administrators and directors (3.8 percent).

b) The highest unemployment rate recorded for this period was for skilled and unskilled workers, 14.7 percent (257,772 unemployed).

c) Categories with unemployment rates above the national average were skilled and unskilled workers and miners and stonemasons (13.7 percent). However, unemployment rates for both groups declined in relation to the rates for the second half of 1989.

d) For the second half of 1990, all employment groups had declining unemployment rates, with the exception of managers, administrators and directors (which remained steady at 3.8 percent) and professionals and technical workers, whose unemployment rate increased by 1.5 points (from 4.5 to 6 percent).

e) The most drastic decrease in unemployment rates was in the other occupations category, which fell by 32 percent (down from 43.5 to 29.5 percent).

5. Public and Private Sector Statistics

a) The increase in the labor force (345,129 people) produced an increase of 279,768 jobs. Of this figure, the public sector absorbed 53,831 people (19 percent), while

the private sector absorbed 225,937 people (81 percent). It is important to point out that this reflects a reversal of trends, for in the first half of that year the public sector had absorbed 59 percent of the increment of the labor force, with the private sector hiring only 41 percent.

b) If we take the employment figures for the second half of 1990 for the public sector (1,281,594 people) and for the private sector (5,236,878), and analyze their share of total employment, we find that it remained unchanged for 1989 and 1990 (19.7 and 80.3 percent, respectively).

c) Nevertheless, if both sectors' employment percentages for the first half of 1988 had been maintained, we would have had the following figures for the end of 1990:

1) Public sector: 1,245,028 jobs;

2) Private sector: 5,273,444 jobs.

3) The figures provided by the OCEI [National Office of Statistics and Information] for the second half of 1990 reflect the employment of 1,281,594 people in the public sector (19.7 percent of those employed) and 5,236,878 people (80.3 percent). From this we can deduce that, if the relative shares of both sectors had been maintained, 36,566 people would have been employed in the private sector who are now working in the public sector.

4) Just as a reference, this figure of 36,566 people is similar to the numbers the transportation sector or financial establishments employed during the second half of 1990.

6. Formal and Informal Economic Sector Statistics

a) Between the first half of 1989 and the first half of 1990, the population employed in the informal sector grew by 218,819, rising from 2,473,959 to 2,692,778 people; this was an increase in the informal sector's share of total employment from 39.7 to 41.3 percent.

b) During the second half of 1988 the informal sector consisted of the following: domestic workers, 182,447 people (3.0 percent of the total); self-employed nonprofessional workers, 1,231,255 people (20.1 percent); and workers in businesses with four employees or fewer, 915,073 people (15.0 percent). If we compare these figures with those for the same period of 1990, we find that the number of persons in domestic service, self-employed workers, and workers in companies with four employees or fewer increased to 220,747, 1,480,649, and 991,382 persons. This shows the growing trend toward the informalization of the economy.

7. Statistics Based on Educational Levels

a) For the second half of 1990, 40.3 percent (2,928,390 people) of the labor force in Venezuela had some primary education. In addition, 39.1 percent (2,832,294 people) had a middle school education; 36 percent (2,610,344) had completed the basic secondary level; 1.6 percent had been to technical school; and the rest, college and other forms of education.

b) Between the second half of 1988 and the second half of 1990, the percentage of people with a middle school level of education (13.3 percent) and higher (27.3 percent) rose, while the percentage of workers with no education (3.7 percent), illiterates (1.97 percent) and with a primary education (5.34 percent) declined.

c) These results show a trend toward an improvement in the labor force's educational level, as the percentage of people with secondary and higher levels is rising, while the percentage of illiterates, persons with no education and with a primary level of education is declining.

Source: Household Survey Sample, OCEI, 1990.

Suriname

Diplomat Reveals Plot To Kill Bouterse

PA0606011291 Paris AFP in Spanish 0046 GMT 6 Jun 91

[Excerpt] Paramaribo, 5 Jun (AFP)—A plot to assassinate Surinamese Armed Forces Commander Desi Bouterse was reported in Paramaribo on Wednesday by Surinamese diplomat Henck Herrenberg, the newspaper DE WARE TIJD has confirmed.

Herrenberg, who is Bouterse's close aide, announced to the media that he would hold a news conference 6 June to give details of an alleged conspiracy to assassinate Suriname's "strong man."

The diplomat did not reveal who the alleged plotters were or when the assassination was scheduled to occur. [passage omitted]

Dutch Ministers Propose Economic, Political Ties

FL0506170591 Bonaire Trans World Radio in English 1130 GMT 5 Jun 91

[Text] The Dutch prime minister and foreign minister have proposed closer economic and political ties with Suriname following last month's elections, but Prime Minister Ruud Lubbers and Foreign Minister Hans van den Broek said they would consider Dutch military cooperation with Suriname only if the new government agreed to a broad treaty of cooperation.